Modern and Traditional Business Management: An Overview of Two Ideal Types of Management, their Differences and Influences on Performance.

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Management summary

Management literature exhibits trends over time, and a shift seems to occur from attention for Traditional towards more Modern management approaches. This thesis explores the main differences between both management approaches, and it assesses how each of them relates to the other and to organizational performance.

A literature review and an causal research using a questionnaire with 101 respondents with a broad variety in gender, sectors of industry, job-level, et cetera, has been performed in Dutch trains in April 2010. Results indicate that differences between traditional and modern management approaches pertain to at least seven dimensions: (1) Management Perspective; (2) Performance Horizon; (3) Rewards and Sanctions; (4) Coordination and Control; (5) Attention Sphere; (6) Managerial Qualities; and (7) View on Core Resources.

The empirical study suggests that the modern management approach not so much substitutes but complements the more traditional approach. It comprises an addition to traditional management, with internal motivation and intrinsic rewards have a strong, positive effect on performance, and short term focus exhibiting a negative effect on performance.

These findings contribute to the current discussion on the significance of traditional and more modern management approaches. More specifically, it addresses questions such as: what position do modern management approaches assume relative to more traditional approaches? Do they constitute substitutes or complements? Are they just a temporary trend in Western societies? These are important questions for all organizations having an influence on their survival.

The results of this study partly address my own curiosity. I was surprised by the presence and charm of modern management theories during my education at the Faculty of Economics and Business Administration. I could hardly believe that organizations would actually believe in focusing on long term strategies and nurturing employees (which sounds very Marxistic in my opinion) instead of purely emphasizing fast-profit-making.

In an interconnected, globalized world, where organizations have grown out of human-size it seemed to me that organizations could only have main goals as satisfying shareholder by maximizing profit. I thought managers were opportunistic, using slave-like cheap labor and helpdesks didn’t help anymore, only make profits. Original values some organizations used to have, like meaningfulness and trying to

take care of employees and the world seemed to me as if they lost the number one priority. Therefore, I wanted to research if actually a difference between traditional and more meaningful, modern organizations existed, and also I hoped to show that a more human and modern approach would lead to higher performance. And I did, by writing this thesis.

Table of contents

Two ideal types of organizations in Business Management literature: an overview of their differences and interrelations.

The literature distinguishes two ideal types of organizational management theory, and it appears that two corresponding types of organizations co-exist in practice: Organizations that choose for a traditional management approach and organizations that choose for a modern management approach. In this thesis, I argue that these ideal types differ on at least seven dimensions: (1) Management Perspective; (2) Performance Horizon; (3) Rewards and Sanctions; (4) Coordination and Control; (5) Attention Sphere; (6) Managerial Qualities; and (7) View on Core Resources. I empirically explore whether these dimensions indeed underlie different management approaches, and assesses how both approaches relate to each other and to organizational performance. Results from a survey amongst 101 firms in the Netherlands confirm that differences amongst firms regarding the use of both approaches have a strong significant effect on performance. These findings contribute to the literature by providing insight in the merits of both management approaches, and their interrelationships as well as performance effects.

1. Introduction

Since the early days of scientific business and organizational research, theorists have argued that firms can realise benefits using either more traditional or more modern management approaches. For example, Taylor, Weber and Fayol were famous social scientists that advocated a traditional management. They are the founders of organizational studies and started their theories in the beginning of the 20th century at the beginning of the industrial era, focusing on technical aspects, competencies, rules and discipline within management (Mullins, 2007, Bloisi et al 2003). Nowadays the world has developed (multinationals, globalization, information technology) and management books and management articles seem to take a more modern management approach, focusing on the long term, human beings and the ability to unleash their capacities (Mullins, 2007).

1.1. Comparing different management theories

In the scientific literature two ideal types of organizations and management approaches appear. A review of the literature suggests that these ideal types differ on at least 7 dimensions (see Figure 1). Theorists have emphasized one of these management approaches above the other, asserting how each influences organizational performance. This thesis, instead, investigates both approaches and ascertains which one (or a combination) leads to superior organizational performance.

1.2. Research problem and research questions

Traditional and more modern management approaches appear to differ on at least seven dimensions: (1) management perspective; (2) performance horizon; (3) rewards and sanctions; (4) coordination and control; (5) attention sphere; (6) managerial qualities; and (7) view on core resources (see Figure 1). A traditional management approach is an approach wherein an organization focuses on perspective from demanding outside, short term performance horizon, extrinsic rewards and sanctions, explicit coordination and control, problem solving attention sphere, explicit (push) managerial qualities and seeing tangible and intangible assets as the organizations core resources (see Figure 1). A modern management approach, instead, suggests an organization focuses on perspective from the positive core, long term performance horizon, intrinsic rewards, implicit coordination and control, opportunity recognition attention sphere, implicit (pull) managerial qualities and seeing social and psychological capital as the organizations core resources (see Figure 1).

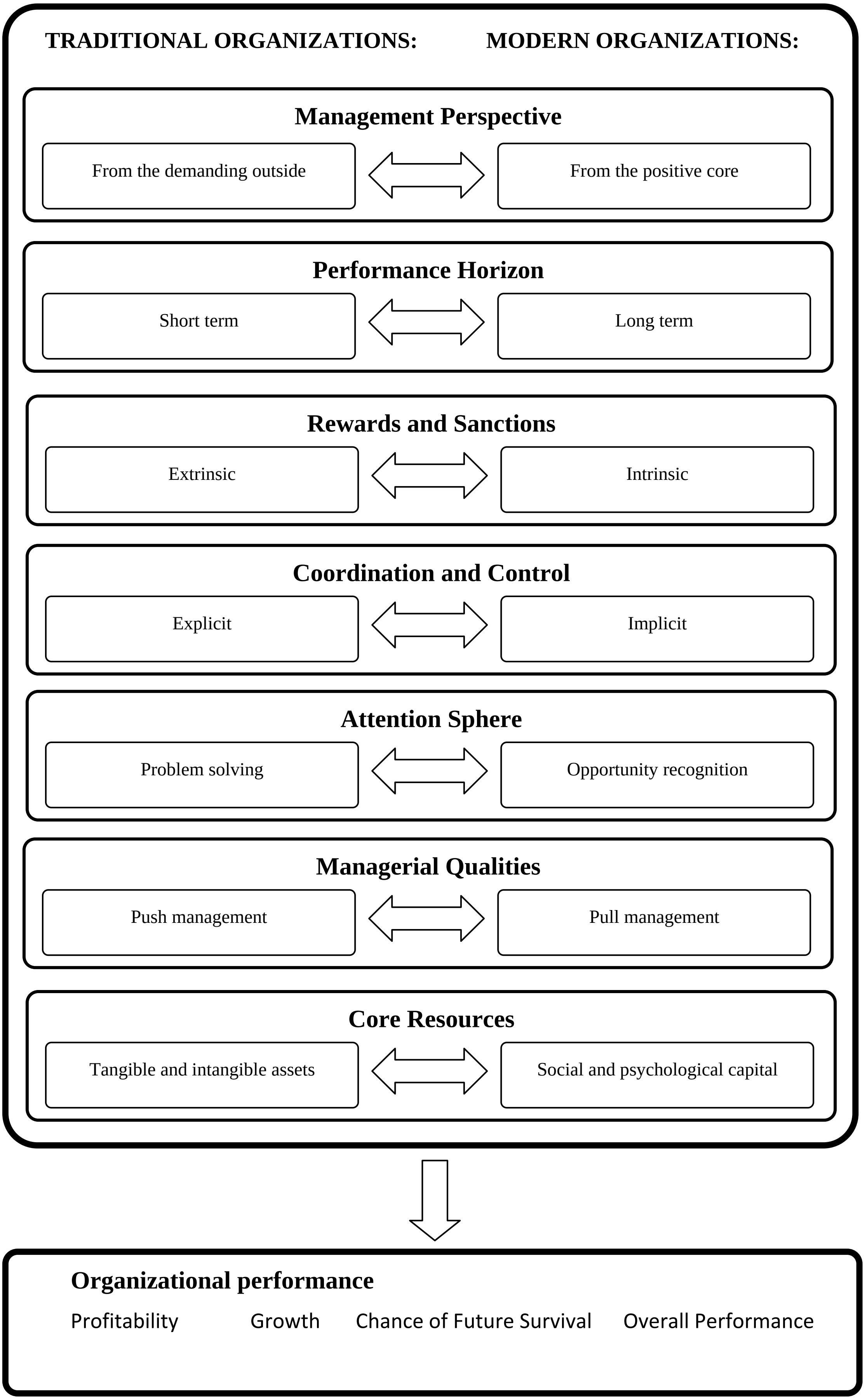
From the theory it seems that organizations either choose for a Modern management approach, *or* they choose for a more Traditional management approach. The distinctions between these approaches will be further described in the theory-section of the thesis. Figure 1 also shows the dependent variables included in this research: Profitability, Growth, Chance of Future Survival and Overall Performance (together comprising Organizational Performance).

In this thesis I then attempts to investigate if there is indeed a significant difference between Traditional and Modern management approaches, and I explore how both approaches relate to each other and organizational performance. Correspondingly, I have created the following preliminary hypotheses.

H1. Is there a significant difference between Traditional Management Approaches and Modern Management Approaches?

Figure 1

Two ideal types of organizations and organizational management



H2. Which instrument can be developed to measure this difference?

H3. How do Traditional Management Approaches and Modern Management Approaches influence the performance of organizations?

These hypotheses will be investigated through a literature research on 7 organizational dimensions and a questionnaire (see APPENDIX A) amongst 101 firms, by which we can relate scores on each of the seven dimensions to explain variation in organizational performance.

1.3. Theoretical and practical relevance

The last decennia management books seem to be very popular, organizational science has grown and several modern studies have been made on individual parts of organizational strategy. There seems to be a line in these individual elements of Modern management approaches and there seems to be a significant difference with Traditional management approaches.

This study combines previous studies on individual parts of organizational strategy and the perceived differences in traditional and modern aspects of these individual parts. It attempts to provide new insight into the influence that adopting Modern and more Traditional management approaches may have on organizational performance.

The popularity of management books nowadays (Furusten, 1999) indicates that there has been a change in organizations, the organization's environment and the way organizations are managed. There appears to be an ever growing need for insight in the best ways to manage an organization. These books seem to be popular in many sectors of industry. This thesis combines various theories to help practitioners gain insight into modern and traditional structures and their performance effects.

A major contribution of this paper is to research if organizations really adopt different management approaches, and to check whether either modern or traditional (or a combination of both) management approaches lead to superior organizational performance. This thesis contributes to the current discussion that currently lives with managers regarding the viability of traditional management approaches and the usefulness of more modern insights to the performance of their organizations.

1.4. Structure of the thesis

The structure of the thesis can be described as follows:

In this paragraph, we present a brief outline of the structure of the thesis (see Figure 2). The purpose of the first chapter was to introduce the research problem and the research questions forming the basis of this thesis. Therefore a comparation of management theories was made and the practical and theoretical relevance was explained addressing the importance of the thesis.

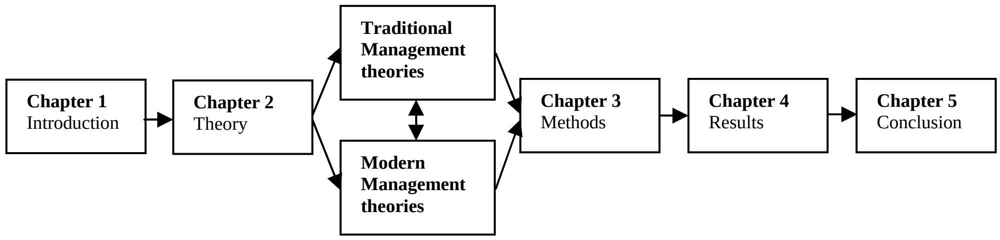
In the second chapter, the traditional versus modern theories have been defined and compared. On seven dimensions the most common management theories are used to shed light on the two different ways of management approach (traditional versus modern).

In chapter three, I explain the causal methodological position that I adopt in the study and use to conduct empirical research. Here I explain on the choice of the theory-testing method on varied respondents that vary in sectors of industry and I continue to explain about the ways of data collection, by using a survey on 101 respondents in Dutch trains.

The actual findings and the interpretation of the empirical research are presented in chapter 4, using formative and reflective measurement models and finding significant individual factors like intrinsic motivation and short term horizon to their relation to performance.

By discussing the main findings, chapter 5 will reflect upon the research questions and on the theoretical and practical contributions and limitations and avenues for further research, as in a causal study we can never know all the relevant information necessary to prove causal linkages beyond doubt (Blumberg et al, 2005) also the same research is needed in different counties, industries, situations and times. An overall conclusion can be found in paragraph 5.5.

Figure 2: Structure of the thesis



1.5. Conclusion

In this thesis, I explore how modern management approaches relate to more traditional management approaches and to assess how each of these influences organizational performance. I investigate several dimensions underlying both approaches: (1) Management Perspective; (2) Performance Horizon; (3) Rewards and Sanctions; (4) Coordination and Control; (5) Attention Sphere; (6) Managerial Qualities; and (7) View on Core Resources. These will be described in further detail in the next chapter.

2. Theory

The literature distinguishes two ideal types of organizational management theory, and it appears that two corresponding types of organizations co-exist in practice: Organizations that choose for a traditional management approach and organizations that choose for a modern management approach. In this chapter these two management approaches will be explained using literature.

A traditional management approach is an approach wherein an organization focuses on perspective from demanding outside, short term performance horizon, extrinsic rewards and sanctions, explicit coordination and control, problem solving attention sphere, explicit (push) managerial qualities and seeing tangible and intangible assets as the organizations core resources.

A modern management approach is an approach wherein an organization focuses on perspective from the positive core, long term performance horizon, intrinsic rewards, implicit coordination and control, opportunity recognition attention sphere, implicit (pull) managerial qualities and seeing social and psychological capital as the organizations core resources (see Figure 1).

This theory review is built from selected studies based on the importance of their theories for Management Studies, the publications of the authors in A-journals and the degree to which they were cited by others.

2.1. Management Perspective

From the demanding outside versus from the positive core

In this section management perspective from the demanding outside and from the positive core will be described and we will discuss the findings of scholars regarding these different management approaches. Then, from theory we seem able to connect management perspective from the demanding outside to traditional management en management perspective from the positive core to modern management.

A Management perspective from demanding outside is defined as a strategic approach in which the success or strategy of a firm is located by positioning the firm well and looking at the outside world, the external factors that influence a firm, also called "Outside-in perspective", i.e. Porters 5 forces model (Porter, 1979).

A Management perspective from the positive core is when competitiveness arises from the inside of the organization: valuable firm-level resources, values and competences that are costly to imitate (Mesquita, Anand & Brush, 2008), also called "Inside-out perspective", i.e. Resource Based Views theory, Appreciative Inquiry theory.

De Wit & Meyer (2004) provide an overview in the debate on how sustainable competitive advantage can be reached. Should, in the army, a general first select a superior position in the environment, or should it develop army's with unique resources? The management perspective from the demanding outside seems to be the opposite of the management approach from the positive core. This is supported by several theories.

Table 1. Overview in Outside-in perspective vs. Inside-out perspective

	Outside-in perspective	**Inside-out perspective**
Emphasis on	Markets over resources	Resources over markets
Orientation	Opportunity-driven (external potential)	Strength-driven (internal potential)
Starting point	Market demand and industry structure	Resource base and activity system
Fit through	Adaptation to environment	Adaptation of environment
Strategic focus	Attaining advantageous position	Attaining distinctive resources
Strategic moves	External positioning	Building resource base
Tactical moves	Acquiring necessary resources	External positioning
Competitive weapons	Bargaining power and mobility barriers	Superior resources and imitation barriers

Source: De Wit and Meyer (2004) pp. 255

2.1.1 From the demanding outside

In this section I will describe the theories of scholars who think that sustainable competitive advantage can only be reached by obtaining a superior position in the organizations environment, with this I try to explain what "the demanding outside" looks like (DeWit & Meyer) and why this perspective is so important (Porter).

A description of this perspective comes from DeWit & Meyer (2004), they describe the Outside-in perspective as having focus on markets and resources with opportunity driven orientation. The starting point for strategy and positioning lies on market demand and industry structure, the organization should adapt to the environment and not the other way around. The competitive weapons available in this view are bargaining power and mobility barriers (see Table 1).

Theorist and strategist Porter is considered the most important theorist in the positioning tradition, representing the *Outside-in* perspective.
Porter (1979) fulfils a main roll in traditional strategic positioning theories by stating that in this traditional way of positioning an organization always starts with managers having to select a competitive domain with attractive characteristics and position them considering the five competitive forces. The five competitive forces are "the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers and the rivalry among the existing competitors." Long run results can be achieved from selecting a position in products/services in cost-leadership, differentiation or focus. Porter's theory was based on i.e. the classical theory of Ansoff's growth matrix (1957) that also focuses on the demanding outside, focussing on an organizations competitive environment, and is looking at existing and new markets and services. So, according to Ansoff and Porter an organization should react to the forces of its environment, and on the most important strategic level.

However, there seems to be a contradiction in theory when trying to link the outside-view to traditional management: When looking at marketing theory, both classical but even recent theories seem to focus on the outside-in perspective. Marketing is sometimes described as: Discovering the needs of the consumers, and reacting to that. Recent theories that support outside-in perspectives are:

For instance, the popular recent theories about open innovation, where customers are the ones helping innovating products. Chesbrough (2003) and Laursen & Salter (2006) suggest that many innovative firms have shifted to an ‘open innovation’ model, using a wide range of external actors and sources to help them achieve and sustain innovation.

An additional popular modern theory, supporting the outside-in perspective, is that of customizing, this is based on custom based product development, starting at the wishes of the customer, not primary at the core competences of an organization. Mendelson & Parlakturk (2008) describe this as a situation whereby firms individually customize products to each customer's specifications. Consumers are increasingly demanding products that closely match their individual preferences, and advances in manufacturing and information technologies have made it possible to satisfy this demand in modern times. Actually we see in marketing theories a strong influence from the outside, but also from the inside of the organization itself: an organization needs to be flexible and strong in the quality of its core products to make it able for customers to even start thinking of buying and customizing the product. Customizing can only follow a strong product.
Generally, traditional management is based on Outside-in perspective, except when looking at marketing, because in marketing the market always has a great impact on all theories.

2.1.2. From the positive core

Focus on a management perspective from the positive core has been researched by many researchers the last 20 years. In reaction to the “traditional” theorists like Porter and Ansoff, many scholars have written on this approach, also quoting these traditional theorists to show their opposite statements. A good example are Prahalad & Hamel (1990) who are told to be the follow-ups of Porter and Ansoff, addressing the focus on an organization’s core capabilities.

A good description of the Inside-out perspective comes from De Wit & Meyer (2004), and Miller, Eisenstat & Foote (2002) who start the discussion with elaborating on an organization’s potential, lying the emphasis on the value of skills, knowledge, processes, relationships or outputs that an organization possesses or produces, and that are unique and difficult for competitors to copy or acquire. That description doesn't cover the description from the positive core completely though. Barney's (1991) Resource Based View and the theories around Appreciative Inquiry make the main theorists about the Inside-out perspective complete. I will describe these important scientific theories in the sections below:

Miller, Eisenstat and Foote (2002) in their article, emphasis lies on the value of skills, knowledge, processes, relationships or outputs an organization possesses or produces, that are unique and difficult for competitors to copy or acquire, they believe that organizations must recognize their potential. Miller and all state: "Managers need to find opportunities tailored to their capabilities", their "core" (focus on opportunities: see 8). Also Prahalad & Hamel (1990) were not looking for a strategic marketing niche, but created a new marketplace for competition, one that doesn't only focus on a unique market position, but on the unique resources of the company itself. The *Resource Based View* (Barney, 1991) focuses on the value of resources, which may form the basis of a firms competitive advantage if they meet four criteria: they must be valuable, rare, in-imitable and non substitutable (i.e. a companies unique core)

Continuing this line of thought, seeing the core resources as capabilities and the organization as something that has to be shaped around this, the Resource Based View is a theory focussed on the importance of the resources as core of the organizations business. Where Porters Outside in views are from the early 1980s, the Resource Based View (RBV) from the early 1990s and implicit support of the inside-out perspective has grown strongly since. By Priem and Butler (2001) and Sirmon, Hitt &Ireland (2007) this theory was perfectionated by explaining how to go from Resources to Capabilities.

Also in scientific theories on change management the Inside-out perspective is recently becoming more popular. When looking at "the positive core", Appreciative Inquiry (AI) is a theory that uses these words in its definition. AI is an organizational development process and management that emphasizes developing the positive core of organizational life (Barge & Oliver, 2003). By asking questions it envisions the ideal future. In so doing, it enhances a system's capacity for collaboration and change (Martinetz, 2002, Powley, Frey, Barrett & Bright, 2004). AI looks for elements in a community that make that community a success. AI is about composing the best-self portrait (Roberts, Dutton, Spreitzer, Heaphy, Quinn, 2005). It builds on the principles of positive psychology and positive organizational scholarship, strengthening its positive core.

2.1.3. Proposition and conclusion: From the Demanding outside versus From the positive core.

Concluding, in a time-line we can see that the more recent scholars claim that the traditional theories (from de demanding outside) are not the only view necessary to position an organization and add an important Core-competences/Inside-out and Resource Based View theory. All named modern scholars (like Prahalad & Hamel (1990) base their management perspective theories on the traditional theorists, but then turning the view to a more modern (inside-out) perspective, addressing the focus on an organization's core capabilities. This is logical because modern times are about creating new possibilities, creating new spaces, creating new technology, creating new knowledge, and this all needs not to be a pure reaction on the outside world, but a new thought from within. In traditional times, it was easier to find a market that has not been served yet and to manoeuvre between a competitors environment. Nowadays the competition is so high, and companies have grown and become multinationals, that the only possibility of success (and survival) is to create a new and previously undiscovered market space.

From the description provided previously, we can conclude that Outside-in/From the demanding outside theories are classical/traditional positioning theories. The more recent management scholars claim that this is not the only view necessary to position an organization anymore, so modern management theory emphasizes on the important Core-competences/Inside-out theory.

2.2. Performance Horizon: Short term versus Long term

In this section short term and long term performance horizon will be described and I will discuss the findings of scholars regarding these different management views. Then, from theory we seem able to connect short term to traditional management and long term to modern management.

A Short Term Performance Horizon is defined as a strategic approach in which the strategic choices of an organization focus on the immediate future, with the advantage that the influencing variables to the performance are directly measurable and responsible for the performance.

A Long Term Performance Horizon is defined as a strategic approach in which the strategic choices of an organization focus on the long future, with the problem that it is more difficult to create a system that shows all influencing variables on performance.

2.2.1. Short term

There are two main trends in literature describing the choice for short term horizon: measurability and risk behaviour are the main arguments for choosing for a short time management approach. Managing is often described as looking at figures, at results of a department, of a market, of the sales of a product, drawing conclusions and acting on that. Measurability is therefore of extreme importance to be able to do this. Also risk-behaviour is often described in literature by theories like game-theory and decision trees (Montfort & van den Brink, 2005) and chances to minimize and calculate risks and possible chances and chances and risks on heights of profit (Neumann & Morgenstern, 1944). This chapter will describe both arguments.

A first trend in literature discussing short term performance is the literature on accountability and measurability, which are extremely important factors in organizations and decision-making. It is important in contracts (what and how much quantity to be sold at what price, MacNeil, 1977 and 2000) but also in performance control: departments are being accounted for their achievements on measurable factors, theories that are used here for are KPI’s and Balanced Scorecard.
Critical Success Factors concern a qualitative description of an element in strategy in order to be successful, for instance: image, success on new markets, risk recognition, morale, performance budget). *Key Performance Indicators (KPI)* comprise measurable critical success factors, like: price per earnings (in %), change market share, actual job costs (Watson and Flolick, 1993). Because KPIs make performance outcomes measurable and are therefore immediately related in terms of profit and thus are a good tool to check if company goals and operational objectives are met.

Short term performance is much easier to measure. Every year, the board of shareholders has to accept or defer the Year report with financial data. From this, the performance of a company is measured and judged. New plans for the departments and employees are made.

A second trend in literature on short term performance is advocated by Das & Teng (2001) focussing on time in strategic risk behaviour. The role of time in organization and management has been attracting increasingly interdisciplinary interest in recent years (Das & Teng 2001). Time serves as an important variable for differentiating strategic decisions – their duration, periodicity and space. Time has been called “the hidden dimension of strategic planning”. As time is an important element, also the possibility to predict results, and chances of obtaining these results when making choice A or choice B, and how the competitors could react, is often calculated, using the methods of Game theory (Montfort & van den Brink, 2005 and Neumann, Morgenstern, 1944). This is possible in short term only.

Individuals’ risk behaviour differs as it relates to immediate results and postponed results (Nisan & Minkowich 1973 in Das & Teng 2001). Researchers hypothesize that risks are more easily accepted if “intended benefits are obtained at a shorter term” and/or “undesired consequences have delayed …effects” (Vick & Stallem, 1980 in Das & Teng 2001). Thus, more distant gains/losses will have lesser significance to the decision maker and they are difficult or sometimes impossible to measure.

2.2.2. Long term

A description of Long Term performance is a sustainable strategy, containing environmental issues or processes of external causes (recession, economic prosperity, hypes, environment, war, etc), not based on a short-term, single year base. The vision of a company is also not based on a yearly different content. Long term horizons make it possible to make longer and more intensive plans or plans of innovation and change.

Advantages of focussing on Long Term performance are described by Stead and Stead (1995). They claim that organizations by implementing sustainable (long term) strategies can synergistically integrate long-run profitability with their efforts to protect the ecosystem, providing them with opportunities to achieve the traditional competitive advantages of cost-leadership and market differentiation via environmental responsibility. Stead and Stead (1995) describe market-driven sustainability strategies by differentiating products from their competitors and describe process-driven sustainability strategies by reducing costs via the improvement of the environmental efficiencies of their production processes.

However, advantages or not, creating an overview with contributing variables in Long Term strategy seems difficult. Epstein and Roy (2001) describe the process of sustainability and financial performance. They name social and financial consequences of company activities, by showing the drivers that cause stakeholder reactions and financial performance. There are five major components of this framework and also significant relationships between these components: corporate and business unit strategy, sustainability actions, sustainability performance, stakeholders' reactions and corporate financial performance.

While Short-term strategy seems to be much more easy in getting an overview into variables influencing performance, in long term strategies, managers must quantify how one variable drives another until the link to profit is clear. Correspondingly, Epstein and Roy (2001) have created a system containing Kaplan and Norton’s Balanced Scorecard and integrating them into a larger system with continuous feedback and influence factors and variables to have a better insight in long term performance. Also, companies must identify the key stakeholder groups that are the primary drivers of their strategy. Societal costs and benefits are important elements in this system.

Ignoring external costs entirely is a poor long-term strategy, according to Epstein and Roy (2001). A long term system–framework should look like this: Setting priorities, Identifying the causal relationships, Developing appropriate measures, Collecting and analyzing data, Reviewing the framework. This leads to a clearer understanding of the impacts of the various past, pending and future corporate decisions on both the corporation and society.

An example of a method to gain insight in Long Term strategies is that of Life cycle assessments (LCAs) and social audits. These are powerful tools to help companies better understand the environmental and social characteristics of their business activities, thus providing valuable information regarding opportunities to improve social and environmental performance (Epstein and Roy, 2001). Undoubtedly, the development and implementation of a reliable information system for social and environmental data is essential.

2.2.3. Proposition and conclusion: Short term versus Long term

From literature, we can conclude that Long term orientation seems to be more investigated in recent literature than in traditional literature, but because of environmental causes, more research is expected in the near future. It seems that in the past Long time orientation to be too difficult for many companies, because of the measurability problems. So, a very important aspect remains the measurability, which plays an important role in management and also in research. Without a good measurability for most organizations it is very difficult to choose for Long term management approaches. Yet, all in all traditional management theory focuses on short-term performance, whereas modern management theory emphasizes long-term performance.

2.3. Rewards: Extrinsic motivation versus intrinsic motivation

In this section extrinsic and intrinsic motivation will be described and we will discuss the findings of scholars regarding these different management approaches. Then, from theory we seem able to connect extrinsic motivation to traditional management en intrinsic motivation to modern management.

Extrinsic motivation can be described as rewards in the form of monetary incentives, public recognition, promotion, free time, power, etc.
Intrinsic motivation can be described as rewards in the form of self-fulfilment, self-actualisation and enjoyment in the work.

In finding a just and optimal rewarding system which motivates employees, several influences on employees play a role. Rewards are meant to increase motivation and so increase performance. The expectancy theory of Vroom (1964), one of the basic theories of economic science, describes that Motivation is a product of valence and expectancy. Valence refers to emotional orientations which people hold to outcomes (rewards). Management must discover what employees appreciate. These appreciations can be extrinsic (money, promotion, free time, benefits) or intrinsic (satisfaction derived from the experience, knowledge, self efficiency and the enjoyment in work it self and helping others (Lin, 2006)). This theory can be used to indicate and gain insight in the level of job satisfaction, occupational choice, work effort, the likelihood of staying in a job.

Motivation has been identified as a key determinant of general behaviour (Lin, 2006). Motivation is important on more areas; it has also been identified as a key determinant when looking at information technology acceptance and work-related behaviour (Lin, 2006). So, motivation is an important aspect in organizations. In the coming sections, I will elaborate on the theories of extrinsic motivation and intrinsic motivation.

2.3.1 Extrinsic motivation

Rewarding employees using extrinsic motivation (rewards), according to Lin (2006) has been shown to significantly affect worker participation. Examples are monetary incentives or praise and public recognition or promotion, free time, benefits (Kominis and Emmanuel, 2007). Two important views on extrinsic motivation focus on the goal of obtaining(Gottschalg and Zollo, 200) and the assumption that individuals are rational and making conscious choices (Kominis & Emmanuel, 2007) which will be discussed below:

One stream of literature discussing extrinsic motivation is that of Gottschalg and Zollo (2007), they claim that extrinsic motivation is driven by the goal of obtaining extrinsic work rewards of outcomes, such as money, power, recognition, etc. The impact of extrinsic motivation depends jointly on the reward system, which determines the extrinisic work rewards (or sanctions), that the employee obtains as a function of any given behaviour and the importance of these rewards to the individual. Gottschalg and Zollo (2007) claim that what drives motivation, is the desire to obtain tangible or intangible external rewards. What moderates how motivated an individual will be is the utility of the rewards to the individual.

While, according to Kominis & Emmanuel (2007), people within organizations are assumed to follow conscious processes, they make rational choices, always likely to choose behaviour that will lead to the achievement of personal goals (Lawler 1994, in Kominis & Emmanuel, 2007). Individuals are seen to make their choices on basis of anticipated reward or possible outcome references (you pay me, I give you my time and do my best) and forward looking estimations (if I work hard, I will get extra rewarded in the form of e.g. a raise). The decision to engage in a given behaviour is made only when people perceive this behaviour will indeed improve the rewards and outcomes they need.

To maintain the overview: the conceptual distinction between extrinsic and intrinsic rewards is made on the basis of their instrumentality, with intrinsic rewards thought to relate to feelings that are produced inherently from the activity itself (for example, joy from performing a job), and extrinsic rewards seen as incentives which, although not inherent in the activity, are obtained as a consequence of performing the activity (for example, annual bonus for performing a job) (Deci, 1975 in Kominis and Emmanuel, 2007). Concluding, extrinsic, monetary rewards provide a steady and easy measurable rewarding basis and are therefore in general required.

2.3.2. Intrinsic motivation

Another approach in reward systems can be described as intrinsic motivation. Kominis and Emmanuel (2007) describe intrinsic motivation as rewards that are intrinsic to job behaviour itself, such as feelings of achievement and self-fulfilment, self-actualisation, self-determination and competence (Galbraith and Cummings, 1967, in Kominis and Emmanuel, 2007). In other words, satisfaction derived from the experience, knowledge, self efficiency and the enjoyment in work it self and helping others (Lin, 2006)). This theory of motivation can be used to indicate and gain insight in the level of job satisfaction, occupational choice, work effort, the likelihood of staying in a job.

Intrinsic rewards have been more and more researched in modern theories, and important conclusions are drawn, like the fact that increasing the level of enjoyment in helping others, interest alignment, shared meanings, values and norms are necessary in achieving sustainable competitive advantage.

Why would intrinsic rewards be so important to scientists? The next two scientists have performed research in the area of intrinsic rewards and found valuable outcomes in using intrinsic rewards and positive effects on organizational performance. The joy in helping others and sharing knowledge (Lin, 2006) and hedonic and normative/meaningful elements of intrinsic motivation are described below:
A first stream of literature discussing intrinsic motivation is the literature on increasing the level of enjoyment in helping others. A recent study (Lin, 2006) on the area of intrinsic or extrinsic rewards concluded that the intrinsic elements had great influence in social exchange.

Lin (2006) conducted a study on knowledge sharing on 172 respondents in 15 industries in Taiwan. Lin describes intrinsic motivation as “engaging in an activity for its own sake, out of interest, or for the please and satisfaction derived from the experience”. For example, employees can be satisfied by enhancing their knowledge self efficacy or confidence in their ability to provide knowledge that is useful for the organization. Employees who share knowledge in online communities, gain opportunities to help others. Lin also mentions that previous research has shown that people enjoy helping others. Lins research also underlines the need for focus on meaningfulness, compared to the extrinsic rewards system, that is pure profit-based in stead of based on meaning (as we can see when using intrinsic rewards).

A second stream of literature in discussing intrinsic motivation is the literature on interest alignment, shared meanings, values and norms necessary in achieving sustainable competitive advantage. Gottschalg and Zollo (2007) acknowledge the need for intrinsic motivation. They split up intrinsic motivation into hedonic (enjoyable, self-determined, competence enhancing) and normative motivation (compliant with norms and values with other members of the social community of the firm). Gottschalg and Zollo further explain that a firm has to acknowledge the strategic importance of interest alignment as a potential source of sustainable competitive advantage. According to the Agency theory (Eisenhardt, 1989) an agent often has a different personal interest then the interest of his principal, or in this case, the whole firm. A focus on more intrinsic motivation, by creating not only an enjoyable job, but also sharing meaning, values and norms, creates a sustainable competitive advantage.

Both in a dynamic and a static environment, next to traditional sources of competitive advantage as assets, capabilities and market positions, interest alignment is absolutely necessary for sustainable competitive advantage. Creating intrinsic motivation leads to a common view in the organization, shared norms and values lead to meaningfulness of the work and provide alignment between the employees' and companies' goals. Gottschalg and Zollo (2007) with their research address a gap in the strategic management literature and address motivation as a determinant of sustainable competitive advantage.

2.3.3. Proposition and conclusion: Extrinsic versus Intrinsic motivation

Before we can strictly connect these approaches, what could be the interplay between both approaches? Although one can say that humans have different elements and needs in one person, also all humans are different and have different needs. Recent research has shown that in comparing both approaches the need for accuracy and transparency of the performance measures are of great importance (Kominis and Emmanuel, 2007). This is also noticed at long term performance.

Kominis and Emmanuel (2007) revise Vrooms expectancy-valence theory by claiming that the E-V theory refers to a set of rationally based, cognitive-oriented, process theories of work motivation and performance, which implies that humans are always conscious and make rational choices. Kominis and Emmanuel (2007) create a model in where they measure relationships between several factors with not only their new factors: "accuracy of Measures" and "Transparancy of Peformance Rewards, but also with the factors "Value of Extrinsic Rewards, the Value of Intrinsic Rewards". The model was measured on a sample of 209 middle managers in a large UK-based financial institution that is in the top five of the UK financial services sector.

Surprisingly, Kominis and Emmanuel find that both Value of Extrinsic Rewards as Value of Intrinsic rewards have the same significant influence on motivation and hence on performance. Although, for the value of extrinsic rewards it is necessary to measure accurate and have transparent performance rewards. From this the same conclusion follows that both intrinsic as extrinsic rewards have a comparable significant influence on motivation.

From this, one can conclude that both intrinsic and extrinsic motivation have a comparable influence on motivation and performance. Extrinsic rewards are easier to measure. Intrinsic rewards have been more and more researched in modern theories, and important conclusions are drawn, like the fact that in current times, with more (different) jobs and dynamic work environment, increasing the level of enjoyment in helping others, interest alignment, shared meanings, values and norms are necessary in achieving sustainable competitive advantage. So, we can connect intrinsic rewarding to a modern management approach.

Extrinsic, monetary rewards provide a steady, traditional and measurable rewarding basis and are therefore in general required. Concluding from theory, both reward systems seem to be complementary and are not successful without the other one. Monetary rewards are since the beginning of management theory a rational deal with employees to hire their time and work effort. All in all we conclude that traditional management theory focuses on extrinsic reward systems, whereas modern management theory emphasizes intrinsic rewarding.

2.4. Coordination & Control: Explicit versus Implicit

In this section explicit and implicit tools for coordination and control will be described and we will discuss the findings of scholars regarding these two different management approaches. Then, from theory we seem able to connect explicit coordination and control to traditional management en implicit coordination and control to modern management.

So, what are explicit tools? Explicit tools for coordination and control are tools to measure performance like rules, procedures, contracts, Critical Success Factors, Key Performance Indicators and the Balanced Scorecard. Implicit tools for coordination amongst others consist of belief systems, visionary statements, shared values and mutual understandings.

2.4.1. Explicit

Explicit methods of coordination and control contains tools to quantitative measure performance. These can be rules, procedures, contracts, but also systems of measures and analysing. I will name the most important methods in management theory. The first method is that of Watson & Flolicks Critical Success Factors and Key performance indicators (1993), and The Balanced Scorecard (Kaplan & Norton, 1992).

CSF/ KPI's:

Watson and Flolick (1993) describe qualitative methods for executive information systems and give the following definitions of the (traditional) performance indicators Critical Success Factors (CSF) and Key Performance indicators (KPI). Critical Performance Variables (the key design variable of Diagnostic Control Systems) are synonym for Critical Success Factors. Critical Success Factors are defined as: qualitative description of an element in strategy in order to be successful, for instance: image, success on new markets, risk recognition, morale, performance budget).

Key Performance Indicators are defined as CSF made measurable, like: price per earnings (in %), change market share, actual job costs. Because KPI make the performance measurable and so immediately related in terms of profit and thus company goals/operational objectives.

So, in this way, the organizations main strategy leads to formulation of objectives, leads to qualitatively measures by CSF, leads to quantitative measures by KPI, leads to description of operational objectives.

A second method of coordination and control is that of the Balanced Scorecard. The Balanced Scorecard (BSC) is a performance management tool (Kaplan & Norton, 1992) for measuring whether the smaller-scale operational activities of a company are aligned with its larger-scale objectives. The Balanced Scorecard is a framework, or what can be best characterized as a "strategic management system" that claims to incorporate all quantitative and abstract measures of true importance to the enterprise. By focusing not only on financial outcomes (and short outcomes like the KPI's), but also focusing on the operational, marketing and developmental inputs to these, the Balanced Scorecard helps provide a more comprehensive view of a business, which in turn helps organizations act in their best long-term interests (Kaplan & Norton, 1996). Organizations were encouraged to measure—in addition to financial outputs—what influenced such financial outputs. For example, process performance, market share or penetration, long term learning and skills development, and so on.

The underlying rationale is that organizations cannot directly influence financial outcomes, as these are "lag" measures, and that the use of financial measures alone to inform the strategic control of the firm is unwise. Organizations should instead also measure those areas where direct management intervention is possible. In so doing, the Balanced Scorecard helped organizations achieve a degree of "balance" in selection of performance measures. In practice, early Scorecards achieved this balance by encouraging managers to select measures from three additional categories or perspectives: "Customer," "Internal Business Processes" and "Learning and Growth."

Concluding: explicit are tools to measure performance, the most important tools in management theory are KPI’s and the Balanced Scorecard.

2.4.2 Implicit

Implicit coordination and control can be described by modern theories on belief systems, visionary statements, shared values and understanding. First we will describe beliefs systems, what are they and how are they described? Belief systems is an implicit management approach that is supported by many scholars about shared beliefs and transformational leaders. Another stream about implicit coordination deals with enabling and encouraging creativity, saying that organizations that forget about these things, are hopelessly out of date.

A management approach in implicit coordination and control is a stream in science that is using Beliefs systems (Widener, 2007) and can be described: When creating a distinction between a more traditional and a meaningful organization, one can see quite similar distinctions in theory of control systems. An implicit performance control system, is one that is not primary directive and quantitative, but creating circumstances, so that the required performance will emerge by itself. It is an implicit method of control. A definition of beliefs systems is: formal systems used by top managers to define, communicate, and reinforce the basic values, purpose, and direction for the organization. Beliefs systems are created and communicated through formal documents such as credos, mission statements, and statements of purpose. Analysis of core values influences the design of beliefs systems (Simons, 1994). Simons (1994) contributes in this description and describes control systems as systems to be used to formalize beliefs, set boundaries on acceptable strategic behaviour, define and measure critical performance variables and motivate debate and discussion about strategic uncertainties. According to Simons, *Beliefs systems* are an explicit set of shared beliefs that define basic values, purpose and direction of the organization. The key design variables are the organizations core values. *Diagnostic Control Systems* are feedback systems used to monitor organizational outcomes and correct deviations from preset standards of performance. Analysis of *critical performance variables* influence the design of diagnostic systems (explicit control system). To see the greater picture, two other control systems Simons names are *Boundary systems* and *interactive control systems*, both focused on risk and uncertainties. Boundary systems imply a set of minimum standards, and interactive control systems imply constant attention and interest from the top management (explicit control systems).

Another description of belief systems, seen from a different angle, comes from Pearce and David (1987, in Widener 2007) stating that the beliefs system provides the foundation for the firms identity and value system. The positive relations between the beliefs system and each of the three other control systems positively affect organizational outcomes implying that the relations are complementary.
Also Foss (2001) advocates belief systems by describing the discussion between economic game theory (explicit) and belief systems (implicit systems). He calls leadership designed to coordinate the complementary actions of many people through the creation of belief conditions that (at least) approximate common knowledge. And that coordination games merely illustrate interactive belief formation. Beliefs are crucial for outcomes and performance. Barnard (1948 in Foss 2001) also emphasizes the importance of “the inculcation of belief in the real existence of a common purpose”, which he considered to be an “essential executive function”. Foss (1996) also claims that focussing pure on resource based insights, leaves out certain social knowledge and information.

Not only descriptions have been made, also empirical research on Belief Systems have been done, for example by Widener (2007), she has done empirical research on the theories of control systems and tested the influence of beliefs systems, boundary systems, diagnostic controls and interactive controls on 122 Chief Financial Officers. She concludes her research by stating that Organizational learning is enhanced by emphasis on the beliefs systems as well as use of the diagnostic system. Both organizational learning and attention are positively associated with performance. All systems influence each of the three other systems. She also remarks that interactive control systems are used to scan the external environment, while the other systems are focused more on the internal environment. So that means that from empirical research it seems to be that belief systems alone are not enough to enhance performance, a more explicit control system is needed as well.

The last theory I wanted to discuss here about belief systems is one that goes through this entire thesis, one of “the big, shared dream”, following the line of Appreciative inquiry (AI), a theory where for every situation a positive, new thought can be found to turn every problem into a opportunity. Needed for the implementation of Appreciative inquiry is inspirational or transformational leadership. Guastello (1998) also describes implicit control systems, he writes about with leadership, he states that Transformational leader uses the four “I”s: Intellectual stimulation (positive climate for innovation), Individualized consideration (listening, paying attention to individual needs and achievements, see theory Z, and 12), Idealized influence (the extent to which the leader typifies the goals and ideas of the constituent group), Inspirational motivation (envisioning desirable states and work toward the goals). The latter, envisioning desirable states are the shared beliefs and direction from the mission statement that Simons also described. AI is also about creating a dream about how the ideal future of a company should be like. So, implicit coordination can be achieved by a transformational leader, that focuses on implicit influence by stimulation intellectual, inspiring, idealising and listening.

A second stream of literature considering implicit coordination and control is advocated by Bien at al (2007) stating that the context of time has its relevance in coordination and control. Bien et al (2007) remark “when advancing deeper in knowledge economy, the basic assumptions underlining much of what is taught and practiced in the name of management is hopelessly out of date.. Most of our assumptions about business, technology and organizations are at least 50 years old.” Leaders that lead by *enabling*, structure and enable (implicit) conditions to optimally address creative problem solving adaptability and learning (this in contrast to the explicit bureaucratic, hierarchical, traditional leadership with administrative purposes). Ilinitsch, D'Aveni and Lewin, 1996 (in Bien 2007) believe that traditional theories are inadequate for global, hyper-competitive environments. On leadership new theories have evolved, with leadership *enabling* network dynamics, being *connective, distributed, dynamic*, *contextual* (this contributes to the notion of Modern approach in the next two chapters).

Concluding, from recent empirical research it seems that shared beliefs are crucial for outcomes and organizational performance. Enabling and leaving space for creativity seems to be more of this time, because employees are not automatically life-long involved in the same company (as in the early 1900s) and need in their control system a focus on shared belief en shared values. Forgetting to focus by belief systems could lead to lower performance.

2.4.3. Proposition and conclusion: Explicit coordination versus Implicit coordination

Explicit coordination contains tools to quantitative measure performance, these tools are based in traditional studies. The modern coordination method, that of implicit coordination, contains the mind-set of the employees in creating a shared vision, a shared belief, which is also necessary in chance management. Change management is often used because in these dynamic and fast-changing times where globalisation, fusions, take-overs are more common then in traditional times. Also, enabling and leaving room for creativity of employees is necessary in modern times, because we work nowadays with globalization, a network of communication, knowledge and resources all over the world that need creativity and space for enabling. As a corollary, I conclude that traditional management theory focuses on explicit mechanisms of coordination and control, whereas modern management theory emphasizes implicit mechanisms.

2.5 Attention Sphere: Problem-solving versus Opportunity-recognition

In this section problem-solving and opportunity-recognition will be described and we will discuss the findings of scholars regarding these different management approaches. Then, from theory we seem able to connect problem-solving to traditional management en opportunity-recognition to modern management.

Focus on the attention sphere from the view of problem solving, can be defined as a systematically analysing and solving problems in a linear or circular way of dealing with problems.

Opportunity recognition can be seen as renewed way of dealing with problems, by seeing them as opportunities, it focuses on new, positive ideas, leads to inspiring, new results, with consequences of the acceptance in the organization. Opportunity recognition is also identified by entrepreneurship encouraging creativity.

2.5.1. Problem Solving

Hsieh, Nickerson & Zenger (2007) describe problem solving by looking at the used terminology. Problems can be as general as discomfort of difficulty in using products. Solutions relate to choices including those that relate to the design of products and services and commercialization. Problems (e.g. “needs” or “pains”) are according to Hsieh et all (2007) knowingly identified or unknowingly stumbled upon, after which solutions are found. Opportunity discovery involves a matching process and opportunities relate to unique valuable problem-solution pairings. We distinguish between opportunities with respect to the different problems that may be solved by a single set of decisions and choices, as well as with respect to different solutions that solve a particular problem. In the process of problem solving, problems are first selected and then potentially costly search for valuable solutions takes place.

These systematic steps in problem solving are described by several scientists and are most about making changes in an organization. Kotter (1995, in Armenakis & Bedeian, 1999) describes this in the following steps: Understand Need for change, Enlist core change team, Envisage: develop vision and strategy, Motivate sense of urgency, Communicate vision, Act, Consolidate. Kotter describes these systematic steps in communicating the sense of Urgency, Form powerful coalition, Create vision, Communicate vision, Empowering others to act on the vision, Planning for and creating short term wins, Consolidating improvements and producing still more change, Institutionalizing new approaches. Also other theorists like Marshak and Lewin (Armenakis & Bedeian, 1999) have developed systematic steps for problem solving: unfreeze, move, freeze. Lewin is more goal oriented and linear/progressive: form, storm, norm, perform. The Taoist/confusion (Armenakis & Bedeian, 1999) problem solving theory is cyclical/processional: form, storm, norm, perform, deform and starting again from the beginning. Another systematical problem solving approach is that of the Action Research Model: problem identification, consult with behaviour scientist, data gathering, feedback, joint diagnosis, joint action planning, action, data gathering, and feedbackloop. The positive problem solving model: inquire best practices, discover themes, envision preferred future, design and deliver ways.

In addition to these problem-solving methods, several remarks have been made in literature: Search for solution discovery can be very valuable and efficient, over time, however, on reaching a valuable solution, the firm must weigh the probable gain from further search against the added costs of further search (Nickerson & Zenger, 2004). Many failures imply mistakes resulting from greed, stupidity, thoughtless bandwagon-climbing or incompetence whether in design or execution (Singh, 2001) Or, the organization is not built to provide enough possibilities to search or not flexible enough to imply the outcomes in the organizations structure/processes.

2.5.2. Opportunity Recognition

Modern literate describes at least 4 ways of opportunity recognition. The first way is linking it to entrepreneurship, the second way is making this broader and describing the process around it (team building, creativity, this includes the first way). The third way is seeing it as a puzzle, which needs seeing the process around it and entrepreneurship. The forth way is the focus on new positive ideas (AI) or new ways of thinking (this includes of course creativity and elements of entrepreneurship, but in an other form).

A first trend of literature discussing opportunity recognition in the literature linking opportunity recognition to entrepreneurship. Hsieh, Nickerson & Zenger (2007) linked the term opportunity recognition to *entrepreneurs*. Casson et al (in Hsieh et al 2007) define “opportunity” as any situation in which new products or services can be sold at greater than their costs of production.

Opportunity discovery not only implies the identification of valuable products or services, but also the identification of new geographical markets, new raw materials, new methods of production, new ways of organizing (Hsieh et al, 2007), and new needs at customers. The term opportunity contains partly the word success. Problems however are i.e. about discomfort of difficulty and sub-problems. Opportunities relate to unique valuable problem-solving pairings.

A second trend of literature discussing opportunity recognition is advocated by Klein (2008) is focussing on the less tangible forms of creativity. The most important exception is the literature in management and organization theory on opportunity discovery or opportunity identification, or what Shane (2003, in Klein, 2008) calls the "individual–opportunity nexus." Opportunity identification (Klein, 2008) involves not only technical skills like financial analysis and market research, but also less tangible forms of creativity, team building, problem solving, and leadership (Long and McMullan, 1984; Hills, Lumpkin, and Singh, 1997; Hindle, 2004 in Klein, 2008). While value can of course be created not only by starting new activities, but also by improving the operation of existing activities, research in opportunity identification tends to emphasize new activities. These could include creating a new firm or starting a new business arrangement, introducing a new product or service, or developing a new method of production.

A forth trend of literature is supported by Hoy and Sweetland (2000) and Nickerson, Silverman & Zenger (2004). Hoy and Sweetland (2000) state that not Coercive but Enabling procedures invite two-way communication, and change the way of seeing problems to seeing them as opportunities. Two other scholars also look at the process around it. According to Nickerson, Silverman & Zenger (2004) problem solving and opportunity recognition exist in better exploring and understanding value creation. It's about understanding, identifying and comparing *processes*. Most studies of process in strategic management investigate how problems are solved rather than how they are identified and chosen.

A third trend of literature that at first glance seems comparable, combines the two trends: also looks at the processes around it and needs entrepreneurship, is supported by Shane (2003, in Hsieh et al, 2007) who see the discovery of opportunities like solving *puzzles* because a new piece of information is often the missing element necessary to see that an opportunity is present. It needs identifying, defining, structuring novel solutions to open-ended problems. Both opportunity discovery and problem-solving relate to value creation. Trial and error provides fewer benefits then cognitive (theoretical) research. Cognitive search requires knowledge sharing. Sometimes knowledge can be protected. Entrepreneurs with exceptional abilities to acquire, accumulate and apply knowledge are most likely to benefit from recognition and can also afford to widen the range of complexity. For having entrepreneurial qualities, within an organization, the organization needs to let space to innovate, experiment, creative problem solving, puzzle. There needs to be space for flexibility, innovation, and learning (Hoy and Sweetland, 2000).

A fourth stream of literature discussing opportunity recognition contains the theory of Appreciative Inquiry implies generating new, positive ideas (Bushe & Kassam, 2005). An example is given about a large airline, where one of the greatest sources of pain for the ground staff was recovery of lost luggage and the time this process took. From the point of view of AI another inquiry into the problem which has been already discussed a lot, was not going to result in new ideas or new ways of thinking. Here the managers were asked to think about what recovery was symptomatic of and what they really wanted. Out of the list of ideas of what they wanted, the managers chose “exceptional arrival experiences”, as a new idea that led on its turn to a variety of ideas and practices on how to make customers arrival experiences exceptional. AI states that letting go the problem-thinking, and focussing on new, positive ideas, leads to inspiring, new and better results, that are also broader carried in the organization (this includes ofcourse the second trend of creativity and elements of the first trend of entrepreneurship, but in another form, it puzzles the “problem” into a more desirable form, that of the most ideal situation, focussing on positive ideas.).

2.5.3 Proposition and conclusion: Problem solving versus Opportunity recognition

Systematic, measurable problem solving has always been a traditional way to approach problems. More modern is seeing problems as opportunities and using the creativity and entrepreneurship and enabling employees to work towards the best solution or new ideal situation. In this conclusion we also immediately recognise the overlap with the other dimensions of Pull-strategies/enabling, long-term vision (less

measurable) and implicit control (which also leaves space for enabling, creativity, en shared beliefs).
Traditionally, in the factory, there was no space for ideas of employees, they just needed to do their job and report to their bosses. In a modern society this is unbelievable in most organizations, the modern and very successful Japanese Kaizen (Recht & Wilderom, 1998) system of continuous improvement and many other modern management systems are created to use full (brain)power of the employees and needs their creativity to stay ahead of the competition. We live in a time with globalization, where we no longer have factories just to supply one village or are, but in a time where competition is high and it’s easy to imitate, with cheaper materials on other sides of the world, but where creativity is needed to stay original and to keep/obtain competitor advantage. From these arguments, I conclude that traditional management theory focuses on problem-solving, whereas modern management theory emphasizes opportunity recognition.

2.6. Managerial qualities: Push management versus Pull management

In this section push and pull management will be described and we will discuss the findings of scholars regarding these different management approaches. Then, from theory we seem able to connect Push management to traditional management en Pull management to modern management.

Managerial qualities by push management is defined as a managerial approach in which the manager works with coercive rules and procedures. This management form is also known as Management by direction. It’s also known as McGregor’s theory X, about getting things done.

Managerial qualities by pull management is defined as a managerial approach in which the manager works with enabling rules and procedures. This management firm is also known as Management by guidance/facilitating/enabling. It’s also known as McGregor’s theory Y, and has key values in the areas of empathy, inspirational management and respect.

To make this difference more clear, Adler and Borys (1996) created an overview distinguishing two types of bureaucracy: Enabling and Coercive, which already shows a similar distinction as Pull vs. Push-management. To make the distinction even more clear, Hoy and Sweetland (2000) provide an overview with consequences, explaining the enabling (pull) and coercive (push) management approaches see Table 2. Enabling procedures invite two-way communication, seeing problems as opportunities, encouraging differences, trusting, learning from mistakes, adjusting easily to mistakes and delighting in the unexpected. Coercive procedures are characterized by one-way communication (top-down), viewing problems as constraints, suspecting differences, mistrusting, forcing consensus, punishing mistakes and fearing the unexpected. Participation and cooperation are required in the process of developing enabling strategies (e.g., teachers and principals working together to discover ways that solve problems). Trust is required and improvement is the objective. In contrast, coercive procedures are unilateral and top-down; principals are intent on watching and controlling teachers.

Table 2. Two types of bureaucracy: contrasting enabling and coercive formalization

Characteristics of Enabling Rules and Procedures	Characteristics of Coercive Rules and Procedures
Two-way communication	One-way (top-down) communication
Viewing problems as opportunities	Viewing problems as constraints
Encouraging differences	Suspecting differences
Promoting trust	Promoting distrust
Learning from mistakes	Punishing mistakes
Delighting in the unexpected	Fearing the unexpected

Source: Hoy & Sweetland (2000:p. 3)

2.6.1. Push management

Push management can be short described as coercive managerial qualities, it is about getting things done, pushing employees, a synonym for Push management is Management by direction, push management is sometimes also referred to as theory X.

Coercive managerial qualities can be seen as McGegor’s (1956) Theory X, where management assumes employees are lazy and where managers are just focussed on the task and do not trust employees. Employees are seen as parts of a machine that are easily replaceable. In this view, there is no room for initiative or creativity.
In *Theory X*, management assumes employees are lazy and will avoid work if they can. Therefore workers need to be closely supervised and controlled; they are not to be trusted. All employees are only out for themselves and feel no job loyalty. The only interest in the job is the salary. Criticism on this view is that when you treat people like they are lazy and not to be trusted, they start behaving like that.

Another approach is that of Bien (2007) who describes managerial qualities in terms of leadership, he names several types: 1. Leadership grounded in the traditional, bureaucratic notions of hierarchy, alignment and explicit control (administrative leadership), 2. leadership that structures and enables (to address creative problem solving, adaptability, learning: enabling leadership), 3. leadership as generative dynamic (Bien states that for change situations, one should choose for the form of adaptive leadership).

As mentioned before, Adler and Borys (1996) distinguish two types of bureaucracy: Enabling and Coercive. They state that organizational research presents two conflicting views on bureaucracy. According to the negative view, the bureaucratic form of organization stifles creativity, fosters dissatisfaction and de-motivates employees. In the positive view, bureaucracy provides needed guidance and clarifies responsibilities, easing role stress & easing alienating feelings, and helping individuals be and feel more effective. In the positive view work can be fulfilling and employees will embrace formal word procedures that are appropriately designed and implemented. Whether the impact of formalization on employees' attitudes is positive or negative, is then a function of it’s enabling nature, allowing employees to better master their tasks or functions as instead of coercing their effort and compliance.

Besides this, there are different kind of rules (safety rules, legitimating rules on everyone’s job and rights, and mocking rules that are ignored by everyone, like the non-smoking rules in the 1950’s). (Adler et al, 1996) Hoy and Sweetland provide a list of characteristics an organization must possess when implementing practices:

employment security, professional orientation, cohesive work groups, lack of management-labour conflict, pressure to change, employee voice, employee skills and process control (Adler and Blau in Hoy and Sweetland, 2000).

2.6.2. Pull management

Pull management can be seen as the opposite of Push management, taking elements into account as Empathy and Respect, it can be about Inspirational management and a synonym for pull management is Management by guidance, facilitating or enabling. McGregor's (1956) Theory Y is more about enabling, by giving employees autonomy and responsibility and McGregor proofs that they can handle this. Employees contribute more to the organization if they are treated as responsible and valued employees.
Every organization has some sort of bureaucracy and rules, but by handling a management style of enabling, trust en responsibility, one gets more valuable and contributing employees.

In *Theory Y,* management see employees as ambitious, self-motivated by the job, responsible, able to exercise self-control, self-direction and autonomy. Employees see work as natural. They enjoy their task and desire to be creative and forward thinking. If a job is satisfying, then the result will be commitment en loyalty to the organization. Less rules leads to freedom to perform. Management believes there is a pool of unused creativity in the workforce and tries to create possibilities to fully develop its employees (as described in Maslow's (1943) pyramid of Hierarchy of Needs, where personal development of employees plays an important role).
The main idea of McGregor is that he wants managers to realize that employees will contribute more to the organization if they are treated as responsible and valued employees.

In addition to Theory X and Theory Y types of (employee) motivation, a new Japanese Management style and theory is becoming popular. Ouchi (1981) introduces *Theory Z,* with even a bigger focus on loyalty. In contrast to Theory X, which stated that employees dislike and avoid work and must be driven to it and Theory Y, which stated that work can be a source of satisfaction when aimed at higher order human psychological needs, Theory Z focuses on "*increasing employee loyalty to the* *company by providing a job for life with a strong focus on the well-being of the employee, both on and off the job*". Theory Z management tends to promote stable employment, high productivity, and high employee morale and satisfaction

2.6.3. Proposition and conclusion: Push management versus Pull management

Where in traditional theories it was found normal to "manage" and control the employees, to prevent that they would stop working because employees are found to be lazy, and need to be punished when not working (McGregor, Theory X), in the modern theory different standards are found. Bien et al (2007) acknowledge the notion of Pull management. As discussed earlier, in the Knowledge Era (Bien et al, 2007) in the interconnected world, the success of a corporation lies more in its social assets, its corporate IQ and learning capacity, than in its physical assets. In the industrial age, it was more about optimizing the production: the physical asset flow, produced by employees. In this era, the challenge lies in how to create an environment in which knowledge accumulates and is shared at low costs. How to cultivate, protect and make knowledge difficult to imitate. It is about enabling intellectual assets through distributed intelligence and cellular networks, involving numerous individuals, instead of relying on the limited intelligence of a few, isolated brains. Focus is more on adaptability, flexibility, innovation, learning, and how to organize on that, rather then efficiency and control (in the old manufacturing processes) Enabling leadership is necessary when asking how to enhance access to information (i.e. electronic databases). Enabling leadership coordinates acquisition and allocation of resources (money, supplies, information, personnel, etc). So, according to Bien (2007) enabling managerial qualities are necessary in modern times.

From the above theories we can conclude that Push management is supported by classical scientists. The more recent scholars claim that this is not the only view necessary to manage an organization and add the possibility of Pull management. Recent scientists also claim that the pull management is incomplete, there has to be structure and pushing regulations (i.e. safety) in every organization. These theories seem to be complementary to each other. Also some basic regulations need to exist. Adler and Borys (1996) claim that whether the impact of formalization on employees' attitudes is positive or negative, a function of whether that formalization enables employees better to master their tasks or functions as a means by which management attempts to coerce employees' effort and compliance. Some rules have to exist, and some elements of the opposite managerial quality have to be present, to prevent falling into the possible negative outcomes of that quality. So therefore push management is named also in modern theory, but is considered to be a traditional, required theory. All in all, I conclude that traditional management theory focuses on Push-management, whereas modern management theory emphasizes Pull management.

2.7. Core resources: Tangible and intangible assets (knowledge, reputation, brands) versus Social and Psychological capital

In the following section I will try to describe theories looking at core resources from a perspective of being tangible and intangible assets (knowledge, reputation, brands) versus theories with the perspective of looking at core resources form a Social and Psychological capital point of view. I will discuss the findings of scholars regarding these different management approaches. Then, from theory we seem able to connect tangible and intangible assets to traditional management and social and psychological capital to modern management.

Very shortly, Luthans et al (2004) describe in Figure 3 that traditional capital is about what we have, and human capital isabout what we know, whereas social capital is about who we know, and positive psychological capital is about who we are. Luthans et al (2004) name the traditional capital: money, tangible assets. But they also name more categories of capital: the Human capital: experience, education, knowledge, the Social capital: relations, networks, friends and add to this the positive psychological capital: hope, optimism, confidence, resilience (flexibility).

Figure 3: Traditional and human capital versus social and psychological capital:

Traditional economic capital	**Human capital**	**Social capital**	**Positive psychological capital**
What you have	What you know	Who you know	Who you are
Finances Tangible assets (plant, equipment, patents, data)	Experience Education Skills Knowledge Ideas	Relationships Network of contacts Friends	Confidence Hope Optimism Resilience

Source: Luthans and Luthans (2004, pp 46)

2.7.1. Tangible and intangible assets (knowledge, reputation, brands)

What is traditional capital and what is human capital? This will be described in this section. Core resources or capital are items of extensive value. It is any human-made resource that is used to create goods or services (Sullivan & Sheffrin, 2003). The term can also be applied to the amount of wealth a person or organization controls or is capable of controlling.

Capital goods may be acquired with money or financial capital. In finance and accounting, capital refers in general to financial wealth especially that used to start or maintain a business, sometimes referred to as Cashflow. In classical economics, capital is one factor of production. The other factors are land, labour and (in some versions) organization, entrepreneurship, or management. (Adam Smith in The Wealth of Nations, 1776, and Sullivan & Sheffrin, 2003).

Traditional capital is what can be measured on the balance. Intangible assets have been added to this the last decennia regarding knowledge, reputation and brands. Capital that’s on the balance is easy to measure, in tax terms, in terms of general success of the organization, of liquidity, etc. Tangible capital is used in external and internal reports, and used for corrections in performance control.

Now, what about human capital? McKelvey (2001) quotes Prusac (1996 in McKelvey 2001): *"The only thing that gives an organization a competitive edge – the only thing that is sustainable – is what it knows, how it uses what it knows, and how fast it can know something new"*. In modern high velocity environments (Eisenhardt 1998 in McKelvey 2001), rate of corporate learning is critical. The American Heritage Dictionary (in McKelvey 2001) defines intelligence as "the capacity to acquire and apply knowledge". In Latin, intelligence means "to choose between". But improving rate of learning requires greater collective corporate brain power. Knowledge refers here to facts, logic, wisdom held by human agents, intelligence refers to effective acquisition and use of knowledge. McKelvey (2001) emphasises that using all corporate knowledge and all the connections between people, is called the corporate brain. "It's necessary speeding up the ability to absorb new knowledge, develop new insights, and use knowledge to solve environmentally posed problems (Porter, competitive context).

2.7.2. Social and Psychological capital

An opposite view of defining the organizations core resources is by focusing on social and psychological capital. First we are looking at social and psychological capital from an external context. A stream of scholars discuss the context of an interconnected world. Bien et al (2007) are non traditional scientists and claim the success of a corporation in its social assets and describes them as its corporate IQ and learning capacity. Although McKelvey (2001) also claimed the learning capacity as important, Bien et al (2007) add something to this notion, considering the context of connectivity in the recent interconnected world.

Bien et al (2007) state that in the Knowledge Era, we are currently functioning in a new competitive landscape, driven by globalization, technology, deregulation and democratization. Many firms deal with this landscape by allying horizontally and vertically in "constellations". In this process they interconnect the world, some call this a "connectionist era". Firms in developed economies focus less on manufacturing and more on information and services (Drucker 1999, in Bien 2007) For this focus, it's necessary to exhibit speed, flexibility and adaptability and so the rate of learning. Faster learning is essential for firms in developed economies to sustain superior performance. The success of a corporation lies more in its social assets – its corporate

IQ and learning capacity – than in its physical assets (McKelvey, 2001, Quin, Anderson & Finkelstein, 2002, Zohar, 1997 in Bien).

Also in other sciences, like literature, political science and social philosophy the following themes describing this context of modern world return: c*onnectivity, personal, revelation and authenticity*. Several recent theses have appeared on the topic of post-post modernism. In a time where there are no longer big stories (communism, capitalism) happening, because they make a distinction of Us and Others. It means the end of the –isms, and the rise of the individual. Engagement got a moralistic smell, every big story contained prejudges and the exclusion of others (Vintges, 2003).

Distinctive characteristics of the post-post modernism aka the modern time anno 2008 are Answer, Connectivity, Full appearance, Irony & Honesty, Talk, Personal, Revelation, Authenticity (Timmer, 2002). Verberg (2005) signalises an important shift of extern (classical maker) to intern. By showing which doubts as an individual concern you, you involve your audience to what touches you personally, without refelecting to the outside world directly. This adds to Timmers notions of *Connectivity, Personal, Revelation and authenticity*. It also adds to the notions of Foss, Lins and Biens studies on knowledge management and the overall more focus and importance within organizations on knowledge sharing.

2.7.3. Proposition and conclusion: (In)Tangible assets versus Psychological capital.

To conclude, Luthans et al (2004) claim that when the rising recognition of human resources as a competitive advantage in today’s global economy, human capital and, more recently, social capital are being touted in both theory, research and practice. Luthans et al (2004) reinforce Biens and Timmers theories by stating that in the old economy, performance could be linked to a certain level of output or production. In the new economy, where value is increasingly derived from intangible sources, measurement has become more challenging. Human capital, in line with the resource-based theory of a firm, can provide an organization with an asset that is valuable, rare, and difficult to imitate, and therefore a source of sustained competitive advantage.

Considering the context, traditional notions on core resources have been out-dated. The external context of an interconnected and globalised world, has put focus on two other capital variations, namely: social and psychological capital, that are of equal importance. And can be seen as an addition to traditional theory. One can not work without the other anymore. Jointly, these arguments suggest that traditional management theory focuses on core resources as tangible and intangible assets (knowledge, reputation, brands), whereas modern management theory emphasizes seeing core resources as both (in)tangible assets and Social and Psychological capital.

2.8. Conclusion

From theory, on seven dimensions it seemed that two different management approaches exist, where sometimes it suggests that traditional management approaches seemed not always a replacement, but often an addition to traditional approaches to management. Whether there are really two different management approaches, and whether there are interaction effects between the two, will be tested in the empirical research, described in the next chapter.

3. METHODS

This chapter contains the description of the formal research which is conducted for this thesis. This is a formal, theory-testing thesis which means that the research has specific research questions or hypotheses to be answered. At a deductive way hypotheses have been created from theory and tested in an empirical way. This study is a causal study that seeks to discover the effect that the independent variables have on the dependent variable called Performance. The concept of causality is grounded in the logic of hypothesis testing, which, in turn, produces inductive conclusions (Blumberg et al, 2005). Therefore such conclusions are probabilistic and thus can never be demonstrated with certainty. We can never know all the relevant information necessary to prove causal linkages beyond doubt (Blumberg et al, 2005).

First the research design and choices for that will be discussed, then the data collection will be explained, the operational definitions will be motivated and data analyses are presented.

3.1. Research design

From theory specific hypotheses have been deducted. To test the hypotheses, an instrument in the form of a questionnaire was designed (see APPENDIX A). The questionnaire made it possible to perform accurate statistical research in comparing performance with management approach. The questionnaire allowed to make statistical scales using existing describing theory, where significant differences between Traditional and Modern management approach could be formed, in a much more structural way then when using other data sources (This quantitative way of testing was possible because by the theoretic research much of the research themes was known, so qualitative deep going interviews to gain insight in the theory and concepts themselves, was not necessary). Also control variables like the industry of the organization were included in the questionnaire, to check if these control variables also have significant influence and to see if the sample was well spread over different sectors and well-represents the population it purports to represent, and therefore has a greater accuracy of results and most available population elements (Blumberg et al, 2005).

The method used was formal research, testing the hypothesis to see if indeed a causal relationship can be suggested between the variables describing 2 different management approaches and performance in organizations. A survey was used for this. In this way it was possible to select fitting respondents, and also immediately test if they had enough insight in their organization and the words used, to provide accurate answers for the research, and to immediately be able to adjust to maintain a good quality and spread of the sample (Blumberg et al, 2005).

The purpose of the study is a causal study rather and tries to explain relationships among variables, for instance if performance is higher when organizations focus on modern management. The purpose is in fact to test if there are actually two different kinds of variables or management approaches and causally predict their influence on performance, so this is a causal study to tries to predict causal relationships (Blumberg et al, 2005). The independent variables are based on seven dimensions of parts of management theories and performance as dependent variable and to test if there is a symmetrical relationship, where if one variable increases, the other (dependent) variable increases as well. However, we can never know all the relevant information and variables that influence outcomes, that are necessary to prove causal linkages beyond doubt, we can already say that the conclusions are probabilistic and thus can never be demonstrated with certainty (Blumberg et al, 2005).

Semi-structured interviews and other ways of data-sources and data-gathering are not necessary (as there was already much known about the basic concepts from theory and) would make a less structured way to create accurate scales and would provide too much data to make fair comparations. Eisenhardt & Graebner (2007) also acknowledge that it quickly becomes difficult to cope with the complexity and volume of the data in case of obtaining too much data or interviewing too many respondents. A representative spread that can be tested using control-variables, without that it’s difficult to generate theory and its empirical grounding is less convincible (Eisenhardt & Graebner, 2007).

The research method entailed a survey about organizations: their focus and performance. 101 respondents from different organizations were chosen to give insight in the management approach of the organization they work for. Theoretically relevant respondents have been selected with insight in their organization and a broad difference in industries, even before starting the survey.

The power of the researcher to influence the variables of the study was low, as respondents were asked to fill in a questionnaire where the researcher in the beginning never intervened, only to clarify definitions and check for consistent answering. To prevent subjects being biased, a decent distance was held during the filling in of the questionnaire, only available for checks and support in not-understanding elements of the questionnaire. Also the questionnaire was anonymous to make people feel more free to give not socially desired answers.

The time dimension deals with a snapshot of one point in time, so a cross-sectional study. This research was a one-moment only questionnaire, held in the month of April in trains in the Netherland, without comparing different periods of time. Also the answers were not influenced by the researcher, like in the Hawthorne effect late 1920s happened, because people were left alone to fill in the questionnaire anonymously at their own easy, with the researcher in an appropriate, discrete distance if questions would arise.

3.2. Data Collection:

The questionnaire (APPENDIX A) contained 3 elements: per management strategy 2 contradicting questions, based on the theories from Chapter 2, with a Nominal 7 point Likert scale. The Likert scale was chosen to see in how much the organization where the respondents work for, are applicable. Two questions per strategy, to prevent excluding interaction between opposites and to maintain the possibility that both management approaches are complimentary. The second part contained 7 point Likert-scale questions about how well the organization performs, compared to its competitors and the 3rd section contained control variables as job title, gender, industry, size of organization, age of the organization, country of headquarters etc. Prior to the actual testing, the questionnaire was tested on two persons, to test if the questions were clear.

The data collection used several data sources:

1. Observation, to make a pre-judgment in the diversity, accuracy and reliability of the respondent. Hence making sure the data would be more valid.
2. Survey with explanation, feedback and discussion to make sure the respondents understood the questions perfectly and to immediately discuss when apparently contradicting answers were given, if this was intended of not.

The surveys were taken in the first and second class of Dutch intercity trains so respondents would have enough time to carefully answer the questions. Respondents told to be at ease to fill in the questionnaire in this situation and only 2% of all people asked declined filling in the questionnaire. Four people in total told that they weren’t qualified to fill in the questions for their organization. Two filled-in questionnaires were deleted by the researcher, because they were filled in invalid, with missing answers and clearly not-understanding most questions. Trains that were selected were driving during rush hour between the cities Amsterdam, Den Haag, through Leiden to Haarlem, back through Den Haag (many government people) to Rotterdam, taking the intercity in the direction of Enschede (to catch more out of the Randstad-area people), stopping in Utrecht, back to Amsterdam. And one train from Nijmegen (out of the Randstad area again) to Amsterdam in April 2010.

3.3. Operational definitions

The items in the scales of the questionnaire have been developed using existing organizational theory. In literature 2 ideal types of organizations exists: organizations that choose for a traditional management approach and organizations that choose for a modern management approach. These ideal types differ on 7 dimensions: management perspective, performance horizon, rewards and sanctions, coordination and control, attention sphere, managerial qualities and the view on core resources. In a formative and reflective way 2 scales are researched to look for significant differences between Traditional and Modern (formative) and their influence on performance, and also for the significant influences of the individual items on organizational performance (reflective).

An ordinal 7 point Likert scale (1=completely agree, 7=completely disagree) was chosen to see the weight of the answers of the respondents and to check in how far Traditional and how far Modern approaches are chosen in an organization. So, there was no need to choose; respondents could give high scores on both questions. To make sure the questionnaire was further valid and understandable, it was pre-tested on people with and without any managerial experience. Also the respondents in the train have been checked on their understanding of the questions and all their answers were verified to see if any contradicting answers were given and asked if this was on purpose or because they didn’t read or understand the question well. This made the survey to be more reliable, efficient and the answers more valid, because in the train it was possible to ask 1 till 5 people simultaneously to answer the questions, and to individually check and answer questions.

3.4. Data analysis

Systematically the answers of the questionnaires have been inserted and computed in SPSS, and iterative comparisons of data and analyses, emerging scales and existing theory aided development of cohesive scales in obtaining insight in being able to answer the research questions: Is there a significant difference between Traditional management approach and Modern management approach, which measures can I use for that, and what is the effect of that management approach on Performance? Is one Management Approach better than the other? And does an interaction effect occur?

To measure the significant difference between Traditional management approaches and Modern management approaches scales have been created in two different ways. I both used a reflective and a formative measurement model. At first a purely reflective method was chosen. However, because these factors seem to only cover a limited number of questions/dimensions, a formative method was used to create 2 factors that use all dimensions as well

Reflective versus Formative

Most commonly, the relationship between construct and indicator is assumed to be reflective (Diamantopoulos & Siguaw, 2006 and Coltmana et al 2008). That is, the change in X is a reflection of (determined by) the change in the latent construct Y. Reflective is the traditional model. At this measurement model, causality flows from the latent construct to the indicators.

At a formative (causal) method the causality flows in the opposite direction, namely from the indicator to the construct. Although the reflective view dominates in the psychological and management sciences, the formative view is common in economics and sociology (Coltmana et al 2008). As this thesis can be seen in both economic and management study and to achieve most accurate answers, both measure models have been used.

First, to construct a scale for Performance with a Cronbachs alpha of minimal 0.6, 2a till 2d have been selected and a Principal Component-analysis shows that these four items measure 1 underlying dimension (alpha= 0.773).

Then, I used the normal reflective measurement model. To be able to construct variables for Management Approach a factor analysis has been conducted on items 1a till 1n. From this three factors appeared. The first factor (F1) contains the items 1e, 1g, -1h, 1l that all stand for the Traditional Management Approach. F2 contains Intrinsic elements in the Modern Management Approach. The third factor (F3) consists of the items 1c and -1d that both stand for the Traditional focus of Short Term Horizon. However, because these factors seem to only cover a limited number of questions/dimensions, a formative method was used to create 2 factors that use all dimensions.

By the formative (causal) measurement model (Diamantopoulos & Siguaw, 2006) the two means of the Management Approaches were used to create a Modern factor and a Traditional factor (FTrad2, FMod2), because this didn't exclude many questions/dimensions that could be important for the research.

For both measurement models a correlation analysis, a variance analysis, and a regression analysis have been performed. A correlation analysis to research the influence of the Factors on each other (that answers H1 and H2). After that a test for a possible stuck-in-the-middle group, i.e. if there is a group that is not only traditional or modern but in a transition-phase or only modern on certain elements and traditional on others. Finally a multiple regression analysis was performed to investigate if there is a significant effect of the Factors on Performance, if there is a possible Interaction-effect with a significant effect on Performance and to research if control variables contribute to a significant effect on Performance (that answers H3).

4. RESULTS

101 respondents were asked to fill in a survey and were provided with the possibility of assistance in answering the questions. First, I provide a summary of the descriptives of the sample group. Then, I will show to outcomes of the iterative analyses I performed in SPSS and provide interpretation and conclusions.

4.1. Summary. Description of the sample.

The questionnaire (see APPENDIX A) was filled in by a sample group of 101 respondents. With 51 female, 50 male respondents, working in an organization with 1897 as the mean year of founding (because some respondents named the army and government to exist for a real long time), the average year of birth is 1971, with 15.4 years standard deviation. The number of years the respondents worked at their organization had a means of 8.8 years with a standard deviation of 10.6 years (older people tended to have worked longer at their organization then younger people).

The respondents worked in different industry sectors, see Table 3, including government, services, care, education, food finance, arts & culture, store & retail, IT as main sectors. The respondents were found to be well spread over different sectors and they well-represented the population they were purported to represent. In addition to Table 3, APPENDIX B provides a precise overview of the precise industry and also an overview of the 101 given job-titles of the respondents.

Table 3. Industry Sectors of respondents

	Frequency	Percent
Government	20	19,8
Services	14	13,9
Care	10	9,9
Education	8	7,9
Food	8	7,9
Arts & Culture	7	6,9
Financial	7	6,9
Store / Retail	5	5,0
IT	4	4,0
Others	18	17,8

*The full Table in presented in APPENDIX B

Because this was still an extensive list, and it is impossible to make appropriate analysis with it, I decided to rescale into Profit and Non-Profit (see Table 4), showing that 41 of the respondents work at non-profit organizations and 60 with profit organizations.

Table 4. Non Profit versus Profit, Job level and Size of Organization of respondents.

	Frequency	Percent
Non profit	41	40,6
Profit	60	59,4
■ Profit: Services	35	34,7
■ Profit: Product	25	24,8
Job level Low	29	28,7
Job level Middle	22	21,8
Job level High	50	49,5
> 1000 employees	54	53,5
100-1000 employees	14	13,9
< 100 employees	33	32,7

However, because Profit was found in a later test to have a significant influence, I decided to investigate this matter further. A logical re-scaling would be to research if this influence came from the products or services, so I split op Profit into Services and Products (see Table 4), showing that 35 respondents worked in services industry, 25 in products industry and 41 in the non-profit sector.

Also the jobtitle list was extensive (see APPENDIX B). Therefore I chose to rescale to a Low, Middle and High job level, where 29 respondents told to have a low job level, 22 middle and 50 high (note: some people were entrepreneurs and scaled themselves of course as the director of their organization, so with a high job level. Also my choice for many 1st class train passengers, and trying to find respondents who are able to answer the questionnaire required respondents with a high job level, or respondents with a lower job-level but good insight in their organization). Regarding the size of the organization, 33 respondents worked at an organization with less then 100 employees, 14 with an organization between 100 and 1000 employees, and 54 with a larger organization, with more then 1000 employees. Summarizing, all the descriptives of the respondents indicate that the sample was a well-spread representation of the population of Dutch organizations it needed to represent (50 men, 51 women, all sectors covered, all kind of organization-sizes, etc).

4.2. Scale development

To answer the research question if there is a significance difference between Traditional and Modern management approaches, I have tried to construct significant scales, in two different ways, using a reflective and a formative measurement model. In Table 5 “MA F1Trad”, “MAF2intrinsic” and “MAF3Horizon” stand for the 3 scales I found using a factor analysis by a reflective measurement model. Unfortunately, only a few dimensions/questions were found significant in this analysis, therefore I also used the formative model, which uses the mean of all the dimensions/questions/theories and are described in Table 5 as “MAFTrad2” and “MAFMod2”. After this, I tried to research a possible in-the-middle-group, a possible interaction effect and finally the influence of the scales (and control variables) on Performance to see if Traditional or Modern management approaches leads to the best performance.

Table 5. description of constructed scales

	Var	Mean	St dev	Skewness	Kurtosis
Performance	1,240	4,5989	1,11360	,074	,757
MA F1Trad	1,551	3,8317	1,24555	-,275	-,592
MA F2intrinsic	1,848	4,7723	1,35927	-,450	-,433
MA F3Horizon	2,505	3,5099	1,58269	,591	-,585
MA FTrad2	,711	4,1485	,84296	,059	-,020
MA FMod2	,794	4,5629	,89119	-,472	,511
CV Gender (male_female)	,252	,50	,502	-,020	-2,040
CV job level (low_med_high)	,746	2,21	,864	-,419	-1,539
CV number of employees	2.000.000.000	15889,20	45739,877	4,703	24,365
CV Nonprofit_profit	,244	1,5941	,49352	-,389	-1,887

Creating a scale for Performance

To be able to answer the research question about the effect of a Traditional or Modern management approach on Performance (dependent variable), I constructed a scale for Performance (see Table 5).

To construct a scale for Performance with a Cronbachs alpha of minimal 0.6, from the questionnaire question 2a till 2d have been selected and a Principal Component-analysis shows that these four items measure 1 underlying dimension (alpha= 0.773). First all questions 2a untill 2g had been selected, but to make a stronger scale, 2a till 2d have been selected and still had a Cronbachs alpha of minimal 0.6.

Creating a scale for Traditional and Modern Management Approaches, using the Reflective measurement method

To be able to construct scales for the independent variables: for Traditional management approach and for Modern management approach, first the reflective method was used. To be able to construct variables for Management Approach a factor analysis has been conducted on items 1a till 1n. From this three factors appeared. The first factor (F1) contains the items 1e, 1g, -1h, 1l (1e: extrinsic rewards, 1g: explicit control, -1h no implicit control, 1l: push management) that all stand for the Traditional Management Approach both stand for the Traditional MA. Because of the negative number and so negative effect on the factor, 1h has been re-scaled (alpha =0.703). The second factor (F2) consists of the items 1f and 1k (1f: intrinsic rewards, 1k: pull management) that both stand for the Intrinsic elements in the Modern Management Approach (alpha=0.786). The third factor (F3) consists of the items 1c and -1d (1c: short term horizon, -1d: no long term horizon) that both stand for the Traditional focus of Short Term Horizon. Because of the negative number and so negative effect on the factor, 1d has been re-scaled (alpha=0.855). No forth factor with a Cronbach alpha above 0.6 was found (1a and 1b: alpha=0.389). Table 5 contains the Skewness and Kurtosis statistics, which are from all variables between -1 and 1, it shows that Performance and the three factors (F1, F2 and F3) MA have no striking difference from a normal distribution. So, by this reflective method it seems there are not 2 scales but 3 scales: 2 traditional scales and one modern scale, only based on intrinsic motivation.

Correlation analysis

From the correlation table below (Table 6), one can observe that there is a significant negative correlation between F3Horizon and Performance (r=-0.269, p=0.01), meaning that the more Short Term an organization's focus is, the lower the Performance. There is also a significant negative correlation between F1Traditional and F2intrinsic (r=-0.368, p<0.001), i.e. the more traditional a business, the less lies the focus on an intrinsic management approach. In addition, I find a (smaller, two-tailed) significant negative correlation between F2intrinsic and F3Horizon (r=-0.231, p<0.02), .i.e the more focus on Intrinsic the management approach, the less focus on Short Term management approach.

Table 6. Pearson Correlations

	F1Trad	F2intrinsic	F3Horizon
F1Trad			
p-value			
F2intrinsic	-0.368		
p-value	*0.000*		
F3Horizon	0.114	-0.231*	
p-value	*0.257*	*0.020*	
Performance	0.42	0.197	0.269**
p-value	*0.295*	*0.061*	0.010

N=101 respondents

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

ANOVA

To check the possibility of another significant group (like i.e. a group in the middle that could be in transistion phase between both management approaches), I performed a variance analysis. With a 2 step cluster-analysis with F1, F2 and F3 as variables, 3 clusters appear. 1 Cluster that tends to a Traditional management approach, one cluster associated with a Modern management approach and one to a Mixed Group/Stuck-in-the-Middle.

Continuing, using a 1 factor ANOVA, with the 3 clusters as independent variable and Performance as the dependent variable, no significant performance differences appear. So, there appear no effect from the stuck-in-the-middle group and this can be neglected. When comparing the average performance of the firms in the 3 clusters, there seems a significant difference: the cluster with modern management approach seems to have the highest performance ($p=0.02$).

Regression analysis

Another test that more deeply researches the effect of the F1Trad, F2intrinsic and F3Horizon on Performance is to perform a regression analysis. A regression analysis also incorporates control variables that might have an effect on the dependent variable as well as possible interaction effects (see APPENDIX C).

Using a step-wise linear regression with Performance as dependent variable and as independent variables at the first step the control variables (gender, joblevel, size of organization, nonprofit/profit) and as second step the three Management approach variables F1Trad, F2intrinsic and F3Horizon and third step the interaction variables, the following results appear.

The model of the First step was significant ($R^2_{adj} = 0.065$, $F(1,87)=6.00$, $p=0.016$). Also it showed that only the control variable NonProfit_Profit was included in the model and therefore responsible for the significant (positive) effect. This result means that the profit sector has a higher level of performance than the non-profit sector.

The model of the second step, where the Management approach variables F1Trad, F2intrinsic and F3Horizon were added, also appeared to be significant ($R^2_{adj} = 0.202$, F(4,84)=5.38, p=0.001). The effect of Non-profit was still significant positive (Beta=0.293, T(84)=2.91, p=0.005), while from the MA variables F2intrinsic had a positive significant effect (Beta=0.231, T(84)=2.16, p=0.033), and F3Horizon had a significant negative effect (Beta=-0.266, T(84)=-2.66, p=0.009).

The effect of the MA variables on top of the effect of the control variables was also significant (R^2 change= 0.138, F(3,84)=4.83, p=0.004). Accordingly the interaction variables F1*F2 en F1*F3 were added, however this step didn't turn out to have a significant effect.

To investigate the latter industry effect more thoroughly, it needed to be tested which Industry elements were exactly responsible for this effect. Therefore a 1 factor ANOVA with Industry as independent variable and Performance as dependent variable showed a significant result (F(2,88)=3.84, p=0.025) and a Bonferroni post-hoc test showed a significant difference between Product and Non-profit (p=0.027) (see Table 7).

Table 7. Performance - ANOVA test

	N	Mean	St dev	St Err
Non-profit	31	4,19	1,05	,19
Product	25	2,96	1,16	,23
Services	35	4,71	1,05	,18
Total	91	4,60	1,11	,12

Intermediate conclusion

From the correlation analysis it can be concluded that the more focus on Short Term Horizon, the lower the Performance. While Traditional Management Approach and Intrinsic Management Approach seem to have no relation with Performance. The 1st Variance analysis shows that all 3 MA have equal performance.

The regression analysis shows that F2intrinsic has a positive effect on Performance (this wasn't seen in the correlation analysis but this is probably because in the correlation analysis is no control for other variables, in the regression analysis there is control for other variables) and F3ShortTerm Horizon a negative effect. F1Traditional has no effect at all (this can also be seen in the correlation analysis) and that from the control variables only Profit_Nonprofit has an effect on Performance, and from the last variance analysis it shows that Product is responsible for that effect (and not Services or Non-profit). So, according to this method, products, and intrinsic management approach have a positive effect on performance, and short term management approach has a negative effect on performance.

4.3. Creating a scale for Traditional and Modern Management Approaches using the Formative measurement method

To be able to construct scales for the independent variables: for a Traditional and for a Modern management approach, now the formative method is described in the section below. Another way of approaching the data, as reaction of the factor that in constructing the variables such small factors in the reflective method were included, is by creating a complete scale, in a formative way, where FTrad2=MEAN(VAR1a, VAR1c, VAR1e, VAR1g, VAR1i, VAR1l, VAR1m), FMod2=MEAN(VAR1b, VAR1d, VAR1f, VAR1h, VAR1j, VAR1k, VAR1n), and Performance= MEAN(VAR1a till VAR1d) (see Table 5).

From the correlation table below (Table 8), it can be seen that there is a significant positive correlation between FMod2 and Performance (r= 0.898, p=0.00), that means that the higher the scores on the Modern Management Approach, the higher Performance. There was also a significant negative correlation between FTrad2 and FMod2 (r= -0.396, p=0.000), i.e. the more traditional a business, the less modern.

Table 8. Pearson Correlations

	FTrad2	FMod2
FTrad2		
p-value		
FMod2	-0.396	
p-value	*0.000*	
Performance	0.128	-0.398
p-value	*0.226*	*0.000*

To make sure there is not a group-in-the-middle or other cluster with a significant effect, a variance analysis has been made. With a 2 step cluster-analysis with FMod2 and FTrad2 as variables, 3 clusters appear. 1 Cluster that tends to a Traditional MA, 1 to a Modern MA and one to a Mixed Group/Stuck-in-the-Middle.

Continuing, using a 1 factor ANOVA bonferonni, with the 3 clusters as independent variable and Performance as the dependent variable, no significant effect appears. Also, when performing a T-test comparing the average performance of the firms in the 3 clusters, there seems no significant difference in the average performance of the firms.

Also in this formative method a regression analysis is necessary to more deeply research the effect of a Tradional and Modern management approach on Performance. A regression analysis (see APPENDIX C) also sees how much effect control variables might have and if there is any effect of interaction variables and how much.

Using a step-wise linear regression with Performance as dependent variable and as independent variables at the First step the control variables (gender, joblevel, size of organization, nonprofit/profit) and as second step the two MA variables FTrad2 and FMod2 and third step the interaction variables, the following results appear:
The model of the First step was significant $R^2_{adj} = 0.065$, $F(1,87)=6.00$, $p=0.016$).
Also it showed that only the control variable NonProfit_Profit was significant in the model and therefore alone responsible for the significant (positive) effect. This means that the profit sector has a higher level of performance than the non-profit sector. To investigate this Industry effect more thoroughly, a 1 factor ANOVA with Industry as independent variable and Performance as dependent variable showed a significant result ($F(2,88)=3.84$, $p=0.025$) and a Bonferroni post-hoc test showed a significant difference between Product and Non-profit ($p=0.027$).

The model of the second step, where the MA variables FTrad2 and FMod2 were added, also appeared to be significant ($R^2_{adj} = 0.297$, $F(3,85)=11.95$, $p=0.001$). The effect of Non-profit was still significant positive (Beta=0.220, $T(84)=2.36$, $p=0.020$), while from the MA variables FTrad2 had a positive significant effect (Beta=0.290, T(84)=2.88, p=0.005), and FMod2 had also a significant positive effect (Beta= 0.514, T(84)=5.21, p=0.000).

The effect of the MA variables (FTrad2 and FMod2) on top of the effect of the control variables was also significant (R^2 change= 0.232, F(2,85)=14.03, p=0.004). Accordingly the interaction variable FTrad2*FMod2 was added, however this step didn't turn out to have a significant effect. So, also here, there is no interaction effect.

Intermediary conclusions

From the correlation analysis it can be concluded that the more focus on Modern MA, the higher the Performance. While Traditional Management Approach seem to have no relation with Performance. The regression analysis shows that both FTrad2 and FMod2 have a positive effect on Performance (this wasn't seen in the correlation analysis but this is probably because in the correlation analysis is no control for other variables, in the regression analysis there is control for other variables). There is no significant interaction effect. Profit_Nonprofit has an effect on Performance, and from the last variance analysis it shows that Product is responsible for that effect (and not Services or Non-profit). So, according to this method, both Traditional and Modern management approaches have a positive effect on performance.

4.4. Interpretation

From both the reflective and the formative Factors it can be concluded that there tends to be a higher Performance when a more Modern Management Approach is chosen. But when taking all aspects from the research into account (and not only the most significant aspects/questions) Traditional Management Approach also tends to have a positive significant influence on Performance. Therefore it's necessary not to claim that only a Modern Management Approach leads to higher Performance, but also Traditional elements have a positive influence as well.

Especially the significant intrinsic elements (question 1f about intrinsic rewards and question1k about inspiring and enabling employees/pull-management of the questionnaire) have the most influence on a positive Performance. Also focus on Short Term horizon tends to lead to have a negative effect on Performance.

From the control variables, only profit–products have an influence on a higher Performance, non-profit, services, gender, joblevel, amount of employees have not.

5. DISCUSSION AND CONCLUSION

From these results, several conclusions can be drawn. This chapter elaborates on the main findings, discusses the theoretical and practical implications of the findings and notes the limitations and provides several avenues for further research.

5.1. Main findings

The purpose of this thesis is to investigate whether a difference between Traditional and Modern organizations exists and what their effect is on performance. From these two types of organizations, outlined in Figure 1, theory research was performed and this was tested on 101 respondents from varied sectors of industry in the Netherlands. Several conclusions emerge.

Modern management approach seems to be an addition to traditional management approach (as also stated by scholars Kominis and Emmanuel, 2007, who empirically found that both Extrinsic Rewards as Intrinsic Rewards have the same significant influence on performance. see also Foss (1996 and 2001), who found that belief systems are a crucial addition to traditional approaches. Likewise, regarding push and pull management Hoy and Sweetland (2000) state that modern management is an addition because some basic traditional rules, skills and security have to exist (push management) and this of course also implies for the view on core resources, according to Luthans and Luthans, 2004).

In the last regression analysis I found that both Traditional and Modern management approaches have a positive effect on performance, although some other analyses only emphasized the Modern Management approach to have a significant effect. Modern management approaches seem to be a valuable addition to the traditional management approach.

Another conclusion that can be drawn is: Organizations that focus on internal motivation have a strong, positive effect on performance (just like in the theories

around intrinsic rewarding that Lin (2006) and Kominis and Emmanuel (2007) and of pull management (Bien, 2007) suggested). While short term focus (although easier to measure then long term focus) has a negative effect on performance. This contributes to the research of Epstein and Roy (2001) and Stead and Stead (1995).
And: The Modern management approach seems to have a positive influence on performance. From all tests this answer followed very clearly.

My first research question was: Is there a significant difference between Traditional management approach and Modern management approach? The answer is “yes”. In a reflective model, the strong significant difference appeared even on three factors: on short term horizon (traditional) focus, on a traditional focus based on extrinsic rewards, explicit control and push management and on the third factor: modern intrinsic management approach (about inspiring and enabling employees/pull-management).

Because this only covers some elements, especially on the part of modern management approach where only 2 dimensions were covered, a formative model has been applied as well, which is very common in economics and sociology (Coltmana et al, 2008). In this formative model it appeared that the more Traditional an organization is, the less Modern it is. So, both models lead to significant differences between the factors of modern and traditional management.

My second research question was: Which instrument can be developed to measure this difference? The answer is the questionnaire that has been developed in this thesis, see APPENDIX A. The third research question was: How do the Traditional Management Approach and the Modern Management Approach influence the performance of organizations? Generally spoken, both Traditional and Modern management approaches have a positive effect on Performance, and more specifically, the intrinsic factor has a positive effect on Performance and short term horizon has a negative effect, and the traditional: extrinsic rewards, explicit control and push management have as a factor no effect at all on performance.

5.2. Theoretical and practical implications of the findings

The findings add to existing theory that modern management approaches seem to be a crucial addition to traditional management approaches with high effect on performance. However, focusing short time horizon, although easy to measure, seems to have a negative effect on performance. This contradicts the traditional theories of popular short term measuring theories (Game theory and decision trees (Montfort & van den Brink, 2005) Balanced Scorecard (Kaplan & Norton, 1992), Key Performance Indicators, Watson and Flolick, 1993). According to the respondents in this research, it can be assumed that respondents believe that organizations having a main focus on short term strategies is linked to a perceived low performance and (as I often heard in conversations that followed) less satisfaction with their company. In 2010 trends are that long term horizon is found more and more crucial and is also linked with an image of a company that is perceived to have high performance.

The findings of these thesis support existing theory on modern management approaches being a crucial addition on traditional approaches that has significant positive influence on performance. And therefore contributes in describing two management approaches that have a significant difference. This thesis states that organizations should not only focus on one or two dimensions, but consider looking at modern management approach as a whole factor. Also because several theories (Bien, 2007, AI scholars, and many others) and empirical findings support that the dimensions clearly seem to be related to either the Traditional management approach or to the Modern management approach.

This thesis contributes to the current discussion questioning whether the Traditional management approach and more Modern management approaches substitute or complement each other. However, this thesis is clearly performed in the Netherlands and provides therefore solely a suggestion for organizations located in the Netherlands, because as will be discussed further in the next section, for instance cheap production labor divisions in other parts of the world need different management for optimal performance. In general, the Dutch respondents have higher positions or work in a different, cultural working-climate, which needs more modern management approaches. A production worker in China or a helpdesk-worker in India cannot deal with pull-strategies and leaving much room for creativity (yet) (Nelson and Kim, 2000).

5.3. Limitations and avenues for future research

The causal nature of this research implies that there are limitations. As mentioned before, the concept of causality is grounded in the logic of hypothesis testing, which, in turn, produces inductive conclusions (Blumberg et al, 2005). Therefore such conclusions are probabilistic and thus can never be demonstrated with certainty. We can never know all the relevant information necessary to prove causal linkages beyond doubt (Blumberg et al, 2005).

Also, the use of 101 respondents, from about every sector of industry only one person, has limitations of actually being able to make clear statements about a single industry. A larger group of respondents would solve this limitation.

Besides, it became clear in the regression analyses that from the rescaled group Products a higher effect appeared on performance, this should be further researched. Performance answers can be very subjective, the exact numbers are not researched and used in this research. Perceived performance is subjective, because, for instance, how can you be sure that your academy or school has a higher performance then your competitors? Many non-profit organizations filled in average performance numbers, so it is very logical that at non-profit there wasn't a significant relation found.

And, about measurability, are the scores of management approaches good measurable or do they only provide a perceived score indication? Social desirable answers (also at Performance) about how one should run an organization, could also be influenced by media or propaganda of the organization (as Shell claims they focus on clean air, but actually are accused of doing the opposite, as stated in the Volkskrant and Netwerk edition of June 2010). Organizations are not always honest to their employees, because being too honest could have a negative effect on Performance. It could be that respondents filled in answers when they actually didn't know some answers or didn't read well (I noticed this particularly at the last question about people reading wrong and putting intangible assets at the modern management approach). A personal frustration I especially noticed in the Care sector involved the fact that in the past there was more focus on people.

The respondents answered especially about Dutch organizations in the present economic and financial circumstances. So answers on the Modern approach can also depend on context, competition and human employee culture. Also, the Modern Management approach can be very sector dependent (army, etc), and also very job-level dependent (some respondents added this comment, noticing that on the production level different answers would be given then on the managing levels).

And, as said before, this thesis is clearly performed in the Netherlands and provides therefore solely a suggestion for organizations located in the Netherlands, for instance cheap production labor divisions in other parts of the world need different management for optimal performance. In general, the Dutch respondents have higher positions or work in a different, cultural working-climate, with different legislation. This needs more modern management approaches. According to Nelson and Kim (2000), a production worker in China or a helpdesk-worker in India cannot deal with pull-strategies and leaving much room for creativity (yet).
Why does Product have a positive effect on Performance? Do product-makers have a higher performance in these times? Or do product makers have a more colored self-image on Performance? Could there be a specific control variable missing that tells more and gives more explanations? Did I only interview people with successful products? Are there different stadia in evolving economies and are we in the Netherlands very spoiled but educated employees that have a different culture and need a different (modern) approach, compared to rising economies that still work with traditional theories, but also have created their own cultural-fitting modern approaches (like the Kaizen system of continuous improvement (Recht & Wilderom, 1998)? These questions remain unanswered and become possible hypotheses for further research.

This research would be stronger if the sample group is created in a better way, like in different counties with different cultures and different organizational surroundings. Also, a larger group of respondents could lead to more industry-specific answers. The interaction-effect could perhaps also be researched in a smaller manner, for instance at the last question, knowledge influences networks and communication, especially in certain sectors of industries. So, theories like this one, also have internal interaction-effects.

Future research could also explore more than the seven dimensions which have been described in this thesis. For instance: identification and loyalty (weak versus strong), performance indicators (outcome based versus learning or input based), levels of analysis (firm versus firm and individual attention and relation). And perhaps there could be more difference between sectors and joblevels (operational level versus management).

Also, many of the concepts as named in the individual dimensions presented in the theory section of this thesis have been well studied. However, some concepts are less sharply defined and some theoretical links are not well tested. These shortcomings present research opportunities. The understanding on inside-out and outside-in perspectives seem vague perspectives that could be interpreted in different ways. Therefore, the relation with Performance could become less clear. For example, shared values and understanding could be used by a previously traditional organization, just in attempt to make all the employees motivated again. Therefore a moderating variable could be causing interference and source of not motivated employees. This thesis is a good attempt to make a difference between traditional and modern organizations, but in practice still much depends on circumstances.

5.4. Conclusion

The findings add to existing theory that Modern management approaches seem to be a crucial addition to Traditional management approaches with high effect on performance, especially focusing on internal motivation has a strong, positive effect. However, focusing short time horizon, although easy to measure, seems to have a negative effect on performance.

This thesis states that organizations should not only focus on one or two dimensions, but consider looking at Modern management approach as a whole factor.

This research has been performed in 2010 in the Netherlands and only shows that the 101 Dutch respondents filled in that organizations that focused on Modern management performed better than their competitors, as an addition to Traditional management theory.

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APPENDIX A

Questionnaire about Different types of Organizations

1. The following questions concern different aspects in management strategies. Please rate the following 14 statements for your organization… (1 = completely disagree, 7 = completely agree).

	completely disagree 1	2	3	4	5	6	completely agree 7
Management approach							
a. The strategic and organizational choices that my organization makes are primarily influenced by factors in its environment.	☐	☐	☐	☐	☐	☐	☐
b. The strategic and organizational choices that my organization makes are primarily influenced by its values, resources, capabilities and competences.	☐	☐	☐	☐	☐	☐	☐
Performance Horizon							
c. The strategic and organizational choices that my organization makes generally focus on the short term (i.e. on immediate and measurable outcomes).	☐	☐	☐	☐	☐	☐	☐
d. The strategic and organizational choices that my organization makes generally focus on the long term (i.e. on future and less direct or tangible outcomes).	☐	☐	☐	☐	☐	☐	☐
Rewards							
e. The reward systems in my organization are primarily concerned with extrinsic incentives such as obtaining money, promotion and power.	☐	☐	☐	☐	☐	☐	☐
f. The reward systems in my organization are primarily concerned with intrinsic incentives such as recognition, enjoyment, self-fulfillment and self-actualization.	☐	☐	☐	☐	☐	☐	☐
Coordination and Control							
g. My organization primarily adopts explicit mechanisms for coordination and control, such as rules, procedures, contracts, KPI's and CSF's.	☐	☐	☐	☐	☐	☐	☐
h. My organization primarily adopts implicit mechanisms for coordination and control, such as belief systems, visionary statements and shared understanding.	☐	☐	☐	☐	☐	☐	☐
Attention Sphere							
i. My organization is good at problem solving, i.e. searching for solutions to known problems using systematic approaches.	☐	☐	☐	☐	☐	☐	☐
j. My organization is good at opportunity recognition, i.e. offering space for entrepreneurship, experimentation and creativity.	☐	☐	☐	☐	☐	☐	☐
Managerial qualities							
k. In my organization management adopts techniques that *enable* employees to perform their job better (e.g. guidance, inspiration, encouragement, and learning).	☐	☐	☐	☐	☐	☐	☐

l. In my organization management adopts techniques that *coerce/force* employees to perform their job better (e.g. strict rules, sanctions, constraints). ☐ ☐ ☐ ☐ ☐ ☐ ☐

Core Resources

m. My organization's most important resources consist of tangible and intangible assets (e.g. finances, equipment, plants, patents, experience, education, knowledge, reputation, and brands). ☐ ☐ ☐ ☐ ☐ ☐ ☐

n. My organization's most important resources consist of social and psychological capital (e.g. networks, friends, optimism, confidence, hope, contacts, connectivity and resilience). ☐ ☐ ☐ ☐ ☐ ☐ ☐

2. Compared to our main competitors my organization's…

		strongly disagree 1	2	3	4	5	6	strongly agree 7
a.	… chance of surviving in future is better.	☐	☐	☐	☐	☐	☐	☐
b.	… growth is higher.	☐	☐	☐	☐	☐	☐	☐
c.	… profitability is higher.	☐	☐	☐	☐	☐	☐	☐
d.	… overall performance is better.	☐	☐	☐	☐	☐	☐	☐
e.	… financial situation is better.	☐	☐	☐	☐	☐	☐	☐
f.	… employees are more satisfied.	☐	☐	☐	☐	☐	☐	☐
g.	… reputation is better.	☐	☐	☐	☐	☐	☐	☐

3. Please provide the following information:

1. In which year was your company established? ☐
2. In which country is your company's head office located? ☐
3. In which industry does your organization operate? ☐
4. How many employees did your company employ in 2009 (in FTE)? ☐
5. What is your year of birth? 19
6. What is your gender? ☐ female ☐ male
7. How long have you worked for this company (in years)? ☐
8. What is your job title? ☐
9. Please tick whether or not you would like to receive the results of this research

☐ Yes, please send me the results → Email:

☐ No, thank you.

Thank you for taking the time to complete this questionnaire. Your assistance in providing this information is very much appreciated. If there is anything else you would like to ask us or tell us, please do so in the space provided below.

APPENDIX B

Industry precise (in Dutch as respondents also answered in Dutch)

		Frequency	Percent
Valid	Advies&ingenieursdiensten	1	1,0
	Advocate	1	1,0
	Agricultural	2	2,0
	Architecture	1	1,0
	Architectuur	1	1,0
	Architectuur belangenorganisatie	1	1,0
	Archive	1	1,0
	Arts and Culture	6	5,9
	Books	1	1,0
	Car Lease	1	1,0
	Care	5	5,0
	Care (GGZ)	1	1,0
	Care (hospital)	1	1,0
	Care (verstandelijk gehandicapten)	1	1,0
	Church	1	1,0
	Coaching	1	1,0
	consultancy	1	1,0
	developmentcare, youthcare	1	1,0
	Dienstverlening	1	1,0
	Dienstverlening (Min v Fin)	1	1,0
	Education	2	2,0
	Education X	1	1,0
	Electronics / Retail	1	1,0
	Engineering	1	1,0
	Entertainment / TV	1	1,0
	Film/Photography/Culture	1	1,0
	Financial	5	5,0

Financial / Stock	1	1,0
Financial / Tax	1	1,0
Food	6	5,9
Food X (oude man)	1	1,0
Government	11	10,9
Government (Biza)	1	1,0
Government (city)	1	1,0
ICT	3	3,0
Industrial Fluids	1	1,0
Internet / Consultancy	1	1,0
Logistics&Transport (TNT)	1	1,0
Maritiem	1	1,0
non-profit	1	1,0
NS	2	2,0
Oil	1	1,0
Oil (Shell)	1	1,0
Ontwikkelingssamenwerking	1	1,0
Pharmaceutical	1	1,0
PrinterX	1	1,0
Prison	1	1,0
Prorail	1	1,0
Research	1	1,0
research and statistics	1	1,0
Retail	1	1,0
ruimtelijke ordening	1	1,0
Security	3	3,0
Social industry	1	1,0
Store (small)	1	1,0
Tourism / Food X	1	1,0
Translation / Localising	1	1,0
Travel	1	1,0
University	4	4,0
UniversityX	1	1,0

	Verkeer en Vervoer	1	1,0
	Veterane care / Army	1	1,0
	WAR	1	1,0
	Total	101	100,0

Job-title

		Frequency	Percent
Valid	adjunct directeur	1	1,0
	adm medewerker	1	1,0
	adviseur	2	2,0
	Adviseur gemeente WMO	1	1,0
	adviseur ruimtelijke planning	1	1,0
	Advocaat	1	1,0
	apothekersassistente	1	1,0
	Architect	1	1,0
	bediening	1	1,0
	Bedrijfsleider	1	1,0
	Bedrijfsleidster	1	1,0
	beleidsmedewerker	1	1,0
	Beleidsmedewerker	4	4,0
	buitendienst Nestle	1	1,0
	CEO	1	1,0
	client begeleider	1	1,0
	Compliance officer	1	1,0
	Consultant	2	2,0
	Directeur	2	2,0
	docent	1	1,0
	Docent	1	1,0
	eigenaar	1	1,0
	Eigenaar	1	1,0
	expeditiemedewerker	1	1,0
	Financieel medewerker	1	1,0
	financiele administratie	1	1,0

financien en pz	1	1,0
Fiscalist	1	1,0
fotograaf-filmer	1	1,0
HBS uitvoerend agent	1	1,0
horecamedewerker	1	1,0
HRadviseur	1	1,0
inkoop assistent	1	1,0
interaction designer	1	1,0
Juridisch beleidsmedewerker	1	1,0
Kassa	1	1,0
kassa medewerker	1	1,0
kwaliteit en communicatie	1	1,0
leidend ambtenaar van politie	1	1,0
Leiding/uitvoerend	1	1,0
Lokettiste	1	1,0
management	1	1,0
management consultant HR	1	1,0
manager	1	1,0
medewerker	2	2,0
medewerker occasions	1	1,0
medewerkster loket Wion	1	1,0
medior projectleider	1	1,0
medisch maatschappelijk werkster	1	1,0
muziektherapeut in opleiding	1	1,0
office manager	1	1,0
Operationeel Manager	1	1,0
Oprichter	1	1,0
Pakketbezorger (TNT)	1	1,0
PhD researcher	1	1,0
predikant	1	1,0
Product Steward	1	1,0

productmanager bij facilitaire zaken politie	1	1,0
project leider	1	1,0
Project manager after-sales	1	1,0
Project Secretaris	1	1,0
Projectadviseur	1	1,0
Raad van Advies	1	1,0
receptioniste	1	1,0
Receptioniste	1	1,0
researcher	1	1,0
Scientific researcher	1	1,0
Senior Advisor	1	1,0
Senior Beleidsontwikkelaar	1	1,0
Senior onderzoeker	1	1,0
Senior Programme Manager	1	1,0
Senior Services & Repro	1	1,0
Senior Vice President	1	1,0
Senior Vice President/Inv manager	1	1,0
Serveerster	1	1,0
service medewerker	1	1,0
servicebalie medewerker Poeizs supermarkt	1	1,0
Sr adviseur HRM	1	1,0
Sr. inspecteur rijksfinancien	1	1,0
stagiair	1	1,0
Student	3	3,0
Thuishulp	1	1,0
Toelichthouder veteranenzorg en adviseur v staatssecretaris	1	1,0
Translation manager / engineer	1	1,0
uitvoerend en leidinggevend	1	1,0

Univ Docent	1	1,0
verkoopster	1	1,0
verkoopster (familliebedrijf)	1	1,0
verpleegkundige	1	1,0
Verzorgende	1	1,0
Zakelijk leider	1	1,0
zelfstandige	1	1,0
Total	101	100,0

APPENDIX C

Regression (reflective method)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	,254[a]	0,065	0,054	1,07062	0,065	5,999	1	87	0,016
2	,449[b]	0,202	0,164	1,00629	0,138	4,826	3	84	0,004
3	,455[c]	0,207	0,149	1,01548	0,005	0,243	2	82	0,785

a. Predictors: (Constant), Nonprofit_Profit

b. Predictors: (Constant), Nonprofit_Profit, F3Horizon, F1Trad, F2intrinsic

c. Predictors: (Constant), Nonprofit_Profit, F3Horizon, F1Trad, F2intrinsic, interactionF1F2, interactionF1F3

ANOVA[d]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6,876	1	6,876	5,999	,016[a]
	Residual	99,721	87	1,146		
	Total	106,597	88			
2	Regression	21,538	4	5,384	5,317	,001[b]
	Residual	85,059	84	1,013		
	Total	106,597	88			
3	Regression	22,038	6	3,673	3,562	,003[c]
	Residual	84,559	82	1,031		
	Total	106,597	88			

a. Predictors: (Constant), Nonprofit_Profit

b. Predictors: (Constant), Nonprofit_Profit, F3Horizon, F1Trad, F2intrinsic

c. Predictors: (Constant), Nonprofit_Profit, F3Horizon, F1Trad, F2intrinsic, interactionF1F2, interactionF1F3

d. Dependent Variable: Performance

Coefficients[a]

Model		Unstandardized Coefficients: B	Std. Error	Standardized Coefficients: Beta	t	Sig.
1	(Constant)	3,604	,415		8,683	,000

	Nonprofit_Profit	,588	,240	,254	2,449	,016
2	(Constant)	2,920	,771		3,786	,000
	Nonprofit_Profit	,679	,233	,293	2,914	,005
	F1Trad	,084	,091	,098	,924	,358
	F2intrinsic	,180	,083	,231	2,163	,033
	F3Horizon	-,180	,068	-,266	-2,660	,009
3	(Constant)	3,334	1,412		2,361	,021
	Nonprofit_Profit	,667	,236	,288	2,829	,006
	F1Trad	-,049	,348	-,057	-,139	,889
	F2intrinsic	,200	,236	,258	,848	,399
	F3Horizon	-,303	,191	-,448	-1,585	,117
	interactionF1F2	,000	,055	-,004	-,010	,992
	interactionF1F3	,033	,048	,272	,696	,488

a. Dependent Variable: Performance

Rotated Component Matrix[a]

	Component			
	1	2	3	4
VAR1a	,269	,280	,031	**-,776**
VAR1b	,114	,402	-,095	**,762**
VAR1c	,099	-,044	**,934**	-,035
VAR1d	,023	,164	**-,899**	,068
VAR1e	**,692**	-,349	,172	,009
VAR1f	-,284	**,835**	-,067	-,018
VAR1g	**,814**	,171	-,155	-,207
VAR1h	**-,620**	,297	,098	,116
VAR1k	-,109	**,844**	-,160	,038
VAR1l	**,669**	-,135	,215	,089

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Regression (formative method)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	,254[a]	0,065	0,054	1,07062	0,065	5,999	1	87	0,016
2	,545[b]	0,297	0,272	0,93919	0,232	14,026	2	85	0
3	,548[c]	0,3	0,267	0,94235	0,004	0,431	1	84	0,513

a. Predictors: (Constant), Nonprofit_Profit

b. Predictors: (Constant), Nonprofit_Profit, FMod2, FTrad2

c. Predictors: (Constant), Nonprofit_Profit, FMod2, FTrad2, interaction

ANOVA[d]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6,876	1	6,876	5,999	,016[a]
	Residual	99,721	87	1,146		
	Total	106,597	88			
2	Regression	31,620	3	10,540	11,949	,000[b]
	Residual	74,977	85	,882		
	Total	106,597	88			
3	Regression	32,003	4	8,001	9,009	,000[c]
	Residual	74,594	84	,888		
	Total	106,597	88			

a. Predictors: (Constant), Nonprofit_Profit

b. Predictors: (Constant), Nonprofit_Profit, FMod2, FTrad2

c. Predictors: (Constant), Nonprofit_Profit, FMod2, FTrad2, interaction

d. Dependent Variable: Performance

Coefficients[a]

Model		Unstandardized Coefficients: B	Std. Error	Standardized Coefficients: Beta	t	Sig.
1	(Constant)	3,604	,415		8,683	,000
	Nonprofit_Profit	,588	,240	,254	2,449	,016
2	(Constant)	-,619	,920		-,672	,503
	Nonprofit_Profit	,509	,215	,220	2,363	,020
	FTrad2	,369	,128	,290	2,876	,005

	FMod2	,620	,119	,514	5,210	,000
3	(Constant)	-2,152	2,512		-,857	,394
	Nonprofit_Profit	,498	,217	,215	2,299	,024
	FTrad2	,713	,540	,560	1,320	,190
	FMod2	,940	,503	,779	1,871	,065
	interaction	-,072	,110	-,303	-,656	,513

a. Dependent Variable: Performance